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PEKING AND OPPOSITION IN APCs

Landlords and rich peasants are being admitted into the APCs with warnings that care must be taken to ensure that they do not assume positions of advantage or power in these bodies. It was officially reported, pour encourager les autres, that in Hunan Province a dozen former landlords and rich peasants in one of the rural hsiang had been admitted to the APCs. The great advances of agricultural co-operation, it is alleged, had led many of them to see that Socialism is "an irresistible force." The landlords and rich peasants had undergone a great change in the past few years as a result of their "re-education through labour;" and since the publication of the national programme for agriculture many of them had come to realise they had a future if they worked honestly and kept the law. It is officially indicated that former landlords and rich peasants who behave and work well should be allowed to join the co-operatives and "qualify for the class status of peasants." But for the time being they should not be given important positions. At the same time, peasants are urged not to relax their vigilance against those former landlords and rich peasants who did not want to engage in labour.

The work of women in the APCs is also officially outlined. The need is stressed for special, careful consideration of women's requirements, especially as regards looking after the home. The "enthusiasm" with which large numbers of women

are entering into all aspects of farming is welcomed, but it is stressed that the work should be so arranged as to allow them ample time to look after their homes and children. There is room for an increasing division of labour as the co-operative farms grow, and the leaders of the co-operatives are told they must take the physical condition and abilities of the women into full account in arranging the work. Apparently some of the co-operatives have been encouraging the women to do heavy men's work.

Many of the mushrooming Agricultural Producer Co-operatives (APCs) in China were ordered to be overhauled in preparation for the large-scale production movement. In doing this, the Party and Government cadres were directed to give "earnest attention to the uprooting of counter-revolutionaries." The cadres were not always as alert to the dangers as they should be, and as a result in the rush into the APCs many "bandits, KMT and Sam Min Chu I Youth League elements infiltrated into them." Actually not only these but also members of the former secret societies also tried to make use of the co-operatives for their own purposes in rivalry to the Communists.

Some of the Party working personnel, "whose class standpoint was far from being clear," actually depended on undesirable elements for building and overhauling the APCs, "and the results can better be imagined."

Rural security work is still far from being able to meet the rapid development of the co-operation movement, and the Peking People's Daily insisted that this must be changed. Under the single leadership of the Party committees, the public security and judicial organs should expand the work of security during the co-operation movement. The decisive problem of consolidating the co-operatives is to purify the organization and leadership of the co-operatives. Security organizations within the co-operatives are to be overhauled and are to be set up also in places where they do not exist at present. The regular system of work must also be instituted. Security work is also to be strengthened with regard to draught animals—the wholesale slaughtering or sale of which caused much perturbation in Party circles last year—and also in granaries and the farm tools and water conservancy facilities of the APCs. The necessary security system was also called for in collaboration with the fee-paying, accounting, technical and warehousing sections. "They should on their own initiative guard against enemy sabotage, carry out security work during the harvesting season and at each process of production set going a mass security movement so as to turn the security work into the deliberate action of all co-operative members.

"As to subversive activities carried on by the enemy against the co-operation movement, such as rumour-mongering, murder, arson, and secret injury done to draught animals, the public security and judicial organs are to apprehend and rigorously suppress the culprits on time."

A Honan Party secretary points out that during the movement for fully Socialist co-operation in agriculture, the class struggle is extremely acute. Counter-revolutionaries among the landlords and rich peasants will make a desperate struggle and resort to all sorts of subversive activities. In the space of one month, for instance, no fewer than 39 cases of sabotage occurred in a single county against higher co-operatives, and among them were two murder cases committed against Party cadres. In another place over 100 households cut down 700-odd trees.

The principal Party organ Hsueh Hsi pointed out that the average amount of land per head is less than three mow in China and only one mow or less in the south-eastern provinces, as against 15 mow in the Soviet Union. That is one reason why production is so small. Each mow of rice field yields 360 catties on the average in China as against 500 catties in the Soviet Union, and wheat only 150 catties against 220 of winter wheat and 140 of spring wheat gathered in the Soviet Union. As regards cotton, the average output per mow during 1952 was 31 catties in China and 93 catties in the Soviet Union.

The small peasant and individual economy made it impossible to take good advantage of new technology. It cannot improve production conditions fundamentally and combat natural calamities successfully. On the other hand, small peasant economy will never remain as it is but is bound to engender new capitalism and new class disintegration. In Wuhsien (Kiangsu), for instance, 2,700 families (mostly poor peasants) in ten chu sold their holdings within three or four years of land reform, while at the same time new rich peasants began to grow in large numbers. This phenomenon was witnessed in many localities in China. Lenin's comment was quoted that "Small production begets capitalism and bourgeoisie constantly, daily, hourly and spontaneously." This happened precisely in the rural areas of small producers in China before agriculture came under co-operation.

It may be doubted whether co-operatives can display superiority in production when there are no tractors and no modern technique. Development must be intensified to create conditions for mechanization. But even in the meantime much can be done to develop manpower, the land,

"BHOODAN YAGNA" OR THE LAND GIFT MOVEMENT IN INDIA

By A. E. Thomas

When Mahatma Gandhi died at the hands of an assassin, his mantle fell not on one individual as the world might have been given to understand, it actually fell on two different persons—Nehru, the politician, and Vinoba Bhave, the social worker. The life of Gandhi is unique in the annals of the history of great souls. That he made a harmonious combination of Politics with Ethics and scrupulously led a life of strict austerity need no mention, for it is universally known.

In Nehru, Gandhi foresaw a practical statesman, an architect to the building up of a new India based on the traditional principles of the Indian way of life—Peace and non-violence. He chose him as his political heir. But he had to look around for some one else to whom he could hand over the spiritual aspect of social works. For this he found none other than Vinoba Bhave, a devoted asramite, who had proved his spiritual worth and disciplined life in the course of his association with Gandhi.

Acharya Vinoba Bhave was born in Baroda, a native principality, in Western India. When he went to sit for a university examination, he heard Gandhi speak at a prayer meeting. The young man was so touched by the speech of Gandhi that he decided to abandon everything for the sake of the country. He chose to follow the footprints of Gandhi. He became his disciple.

Shortly afterwards, Gandhi established the Sabarmathi and Wardha asrams. Vinoba became one of the first inmates of the Sabarmathi asram. Gandhi's idea was to bring in young intellectuals to asramite life (community life) and inculcate in them the spirit of service to the suffering millions in India. He thought a trained batch of youngsters would also foster a political consciousness among the people. After staying for a while with Gandhi, Vinoba established another asram at Pamar. The magnificent work rendered by him at that asylum for lepers attracted the attention of Gandhi and other leaders. Day by day Gandhi's confidence in Vinoba soared higher and higher, so much so, Vinoba became one of the top-most lieutenants of the Indian National Congress. In 1940, realising the utmost self discipline Vinoba possessed, Gandhi chose him to be the first 'Satyagrahi' in the Civil Disobedience Movement launch-

ed by the Indian National Congress. Overnight Vinoba became the ideal man among Gandhi's associates.

After Gandhi's death, Vinoba took up constructive work. The spiritual light Gandhi gave to the nation became dim for a while and people rallied around Vinoba and requested him to continue the constructive social works of Gandhi. Vinoba stepped into the spiritual leadership of the country.

Land is a problem for all Asia. Overpopulation is a much debated subject. India to some extent is overpopulated. Vinoba realised that India's newly achieved political emancipation would mean nothing to the multitudes unless the peasant masses were given a fair and equitable distribution of land. The evils of zamindari and feudalism had played their part in degenerating Indian Society. It was his convinced opinion that a healthy man who was willing to work on land should own his own land. He propounded a new theory about the ownership of land. He held that land belonged neither to the individual nor to the state; but to the community. He preached that all gifts of nature belonged to the community and that if any one retained more than what he wanted for his own living, it would be most immoral. At prayer meetings he exhorted the rich landowners to release their surplus landed property to the poor cultivators and thereby help rebuild a new and healthier Indian Society. This, he said, would serve a double purpose in so far as it would enable the great ups and downs in the Indian Society to come to a more harmonious level. Secondly it would give incentive to the poor to put in more labour on the field whereby production would increase and India's dependence on foreign countries for food would cease. The rich also would work better on their shrunken land and thereby increase production. Vinoba knew that the disparity in Indian social life came out of the evils of feudalism and the age old caste system. He took a vow to fight these evils all throughout his life.

The bearded, frail looking Indian Sadhu was yet to begin a gigantic social reform throughout the length and breadth of India. Even before the merging of Hyderabad with the Republic of India, Communism had its foothold in some districts of that country, the ruler of which is known as the richest man in the world. The agricultural economy of Hyderabad was so notorious that most of the fertile land there belonged either to the Nizam or a few Nawabs and their relatives. The peasants were mere tenants whose duty was to work all their life to fill the granary of their masters. When Hyderabad also became a part of India, the police tyranny which existed there became extinct and Communism began to show signs of rapid growth. The police force was mobilised to suppress the Red movement. It could not cope with the growth of Red activities. Later troops were called in. Leaders of the Red hierarchy went underground and directed sabotage from there. It was at this time Vinoba decided to find a solution to this. He declared at a prayer meeting that he would go on a pilgrimage to Hyderabad, walk from village to village and restore confidence in the people. This was the beginning of the Bhoodan Yagna or the Land Gift Movement.

Many people in India predicted the failure of Vinoba's attempts. Even top Congressmen were sceptical about his success. But in the course of his tour over the troubled

resources, etc. to expand and improve production. That is what will in the end determine the fate of this vast experiment. If the peasant fares better under the APCs than he did before when he worked his farm himself, he will never let the system be changed. If Government is too grasping, the bulk of the peasants too indifferent or indolent to fulfil the hopes of greater production, and the peasant is worse off than before, he will break the system with his bare, bony but determined hands. The Communist hierarchy, through their official organs, show they realise this. It accounts for the repeated chorus of urgent advice to the cadres to make sure they do nothing to mar the peasants' income and offtake. As the Peking People's Daily said somewhat ruefully: "The peasant thinks only of getting as much as possible out of the co-operatives, and whether its interest increases or decreases is not his business." It explains why, rather than put his farm animals into the APC pool, the peasants sold them to the dealers or to the butchers on a wholesale scale that caused genuine alarm in the capital.

AUTOMATION AND THE FUTURE

During the postwar decade, America has made vast strides in technology, particularly in the field of electronics, states the First National City Bank of New York, in their review of business conditions. The fruits from years of research and development are finding rapidly increasing application in factories and offices. The spectacular per-

spots of Hyderabad, Vinoba was able to revolutionise the social conditions there, so much so that today there is not only no Communist terror there but also the people at large are happy and contented over the peaceful land reform Vinoba could effect there. Vinoba pleaded to the rich to give out their surplus land voluntarily. He exhorted them that India's message to the world was that a social revolution would be possible without any bloodshed and that a readjustment of social relationship based on the noblest principles of ethics could be brought about with no violence. Vinoba holds that if an appeal is made to the goodness in man, he will respond generously. This he achieved in Hyderabad. He collected thousands of acres of land in Hyderabad given out voluntarily. Vinoba realised that a country wide Land Gift Movement would pave the way to levelling the disparity in society. Finding that Vinoba's experiment was more fruitful in eliminating Red terror than the bullets of armed forces in quelling the movement, the Government of India commended Vinoba and his achievements. Both Houses of Parliament praised him for his noble work. A galaxy of eminent men joined the camp of Vinoba. The sixty year old half naked fakir decided to make a tour of the entire country on foot and preach the gospel of love and justice. Everywhere people gathered in hundreds and thousands. He infused a new inspiration in the minds of the rich and the poor. The poor looked on him as their benefactor. The rich adored him for his simplicity and sagacity. More and more land was donated voluntarily. At the end of every prayer meeting Vinoba bagged thousands of acres of land. Local committees were set up for the equitable and fair distribution of the land among humble peasants. In the course of the past four years Vinoba collected three and a half million acres of land in India by way of voluntary donation. Though born in a Brahmin (High caste Hindu) family Vinoba is not a sectarian. Like Gandhi, he reads the Geeta, the Bible and Koran at his prayer meetings, and explains the quintessence of moral duty and obligations emphasised by all the religions.

He leads a life of extreme austerity. On the balance he scales only ninety pounds. His dynamic personality has attracted some of the most distinguished men in India. Jai Prakash Narain, the top Socialist of India, has joined the Bhoodan movement. Intellectuals have welcomed his movement as the most significant social reform in India. Students have joined his ranks and everywhere the thin man's name is uttered with great respect.

Vinoba's contention is that India got freedom by peace and non-violence. Any social reform in India concerning the vital problem of land should not have the force of legislation or any coercion from the governmental authority. The much awaited land reform must be spontaneous from the people as a result of a very peaceful and affectionate approach. The achievements of Vinoba are great and the movement started by him is a prelude to great changes in India visualised by Gandhi in his lifetime. If Nehru has elevated the status of India in international relations as a result of his peaceful approach to all thorny problems, Vinoba has performed a talisman's work in revolutionising Indian Social life.

firmances of automatically controlled assembly lines and complex electronic computers have captured the popular imagination, but they have also aroused concern over the impact of this automation on employment.

Worrying over "technological unemployment" is an old story. It has been characteristic of periods of economic recession, when factory layoffs caused by decline in demand have raised the old cry of "machines putting people out of work". The business boom and the rise in employment to new record heights put a damper on the more extreme talk regarding the effects of automation. But this did not settle the question. There are wide differences of opinion among business men, government officials, and labor leaders as to the potentialities of automation and on how the gains therefrom should be divided.

The word "automation" is so new that it is not found in most dictionaries. Yet it has widespread usage today. Many people use it to embrace all types of mechanization and technological development, while others prefer a more specialized meaning. Over the years, mechanization has been replacing human power with machine power. Automation proceeds one stage further and replaces human control of production processes with automatic control. Integral parts of automation are automatic feedback controls, which allow a machine to regulate itself and to adjust its performance to predetermined quality standards, and materials handling devices which transfer work from one machine to the next untouched by human hands. Automation holds out the promise of vast improvements in living conditions, leisure, and strength. It promises the elimination of routine, repetitive jobs. But the widespread introduction of automation within the coming decade or two will present serious economic and social problems, involving dislocations of the labor force, geographical shifts of industry, labor displacement, the upgrading of labor, and the need for substantial yearly increases in consumer purchasing power for rapidly growing markets.

Many people, hearing of marvelous new machines, are fearful that automation will reduce the amount of labor needed and thereby jeopardize jobs. The problem of adjusting to technological change is a human as well as economic one, and some workers, particularly the older and more settled ones, will encounter difficulties in shifting to new jobs. That has been the case for the last hundred and fifty years or more, but it is a proven fact also that in the long run technological progress creates more jobs than it destroys.

The two basic problems in assessing the impact of automation are how widely and how rapidly it is likely to be applied, and how much it will increase productivity and directly decrease the need for workers. The impact will probably be less than popularly imagined, though precise forecasting is difficult in a field where human inventiveness and ingenuity play so large a part. The factory of tomorrow is often pictured as a maze of complicated machinery, a few push-buttons, and hardly any workers. Actually, a great many industrial processes and still more nonmanufacturing operations cannot use automation profitably, and are unlikely to do so because of lack of standardization of products, need for personal services, space requirements, or cost of equipment. Construction, agriculture, mining, retailing, services, and the professions fall largely into this category. In other lines only partial application of automation is possible. Moreover, industries cannot convert to automation overnight. Even the small group of industries ripe for automation in the near future will not displace more than half their workers over the next

JAPANESE ECONOMIC DEVELOPMENTS AND CONDITIONS

RECENT TRENDS

Recent economic trends indicate that the *suryo keiki* or "quantity" boom initiated and propped mostly by the export boom, has seeped to the home demand level and is expanding its influences in the economy. Although the various economic indicators are revealing signs of activity, basic business trends are stable on the whole.

As for wholesale prices, the trend was still upward (0.7% above Jan.) in February, but the general index was only slightly above (0.4%) the corresponding month of the previous year, and dipped 4.4% compared with Feb. 1954.

Other indicators show some firming. Firstly, although movements were mixed, the range of commodities on a rising trend expanded gradually. Also, commodity markets responded more sensitively to import trends. And there were certain items which demanded a more elastic import policy for maintenance of market stability. Secondly, groundwork is slowly developing for facilitating business investment in plant and equipment including a rising trend in plant and equipment operating rate, rising trend in the corporate

twenty years. Aiding in the transition will be the tendency for technological progress to increase over-all employment at the same time that it displaces specific workers. Automation is used to cut costs and improve quality. A better, cheaper product then leads to increased demand and consequent stepping up of production and employment.

Although automation may displace direct labor in a given factory it should increase the need for maintenance and engineering employees. It has given rise to whole industries to supply and service automation equipment. It has made possible entirely new products and greatly improved goods and services of a more familiar kind as well. Perhaps the most conspicuous case involves atomic energy and atomic isotope technologies. In these cases, the very nature of the materials to be dealt with are such that they could never have been harnessed by hand methods and close human contact.

As automation speeds the output of autos, television, and other goods, it stimulates the growth of countless local enterprises devoted to servicing and repairing these products. Individual automatic machines have produced increases in output per man-hour, but when combined in an average for the entire firm, or industry, the results are less striking. For manufacturing as a whole, recent years do not appear to have brought such sharp advances in productivity as would threaten employment opportunities. In fact the advances since the war represent merely an extension of a long-term trend. The truth is that history affords little support for the idea that an expanding labor force and increasing productivity constitute threats to prosperity. To a business man, productivity (or output per man-hour) is more meaningfully expressed in reverse as labor requirements per unit (man-hours per unit of output). The average amount of labor required per unit in the private economy today is only half what it was 20 years ago, and two-fifths what it was in 1910. Yet the over-all need for workers has not declined, but has increased with the demand for more and more output, and is now greater than ever.

profit rate, dipping trend in loan rates and slackness of the money market. However, for the present the above factors merely imply that possibilities are there for investment expansion and do not necessarily indicate a general and actual investment activity to a high degree, which fact signifies that business investment is still cautious.

In addition, a possible price-influencing factor of importance is the spring wage demands by the General Council of Labor Unions.

The total money supply has been steadily rising reflecting the "quantity" boom. A conspicuous development in money supply trends since the last year-end is the marked recovery in seasonal fluctuations. For example, decline in deposit currency during last January doubled that for a year ago. This trend is also seen in statistics on deposit and cash accounts. Movements in bank loans also indicate recovery in seasonal money supply movements.

At the same time the rate of currency turnover has dulled appreciably from the previous year.

All these reveal the calm and stable developments in the currency and monetary field.

FEBRUARY ECONOMIC TRENDS

Treasury: The amount of excess in receipts over payments in overall Fiscal Accounts in February went below the same month a year ago (¥20,200 m. as against ¥40,800 m.). Excess receipts in the Treasury accounts (inc. Food Control but excluding the Foreign Exchange Acc't) dipped somewhat from a year ago, and excess payments from the Foreign Exchange Fund was largely reflecting favorable export activity (yen outgo corresponding to foreign currencies received into the Fund).

It is to be noted that defense-related and public works expenditures have been particularly dull during the past few months. And even if such outlays rise in March (end of the current fiscal year), the expectation is that a sizable expenditure-budget amount will be transferred over to the next fiscal year.

Moreover, fiscal loans and investments were also slack. In fact, the overall accounts showed excess in withdrawals over outgo. This dullness in Gov't loans and investments is laid to lack of adequate funds stemming from sluggish postal savings and other factors delaying the accumulation of such funds together with slackness in fund demands. According to the Finance Ministry, actual fiscal loan-investment outlays covered only 50% of the total planned for January.

Of the Special Acc'ts, Post Office, National Railways and Tel. & Tel. Public Corp. recorded excess withdrawals over payments.

From the above it is seen that the fiscal accounts in February, minus Food Control and Foreign Exchange Fund, registered above normal receipts over payments, contrary to expectations. As a result, a safe outlook at the fiscal year-end in March is that the large excess in overall Treasury expenditures over receipts predicted for the current fiscal year is based on excess payments from the Food Control and Foreign Exchange Fund Accounts.

The fiscal year '55-'56 Gov't budget (ending March 1956) was supplemented as follows (passed Feb. 20th):

Original Budget (Gen. Acc't)	Y 991,500 m.
Supplement	21,800 m.
TOTAL	1,013,300 m.

Banking: Bank loan sentiment went up somewhat in February but the money market continued its slack trend propped by favorable deposits.

Loans of all banks turned slightly upward in February (exceeding the rise of a year ago) backed by the rise in seasonal fund demands for sake brewing, winter goods settlements and spring goods purchases influenced by the "quantity" boom. Rise in loans to local public bodies was another factor. It should also be mentioned that along with money market easing there have been certain relaxations in bank loan restrictions as expansion of the credit extension limit, leeway given to loan authorizations by branch bank heads, etc. which are contributing to the loan rise.

Both city and country banks both recorded loan rises above the previous year, but the rise for long term credit banks was dull, possibly owing to stabilizing of demand for such funds and streamlining of client banks by the prime industries.

Also activity in bank investment in securities is growing. There was a substantial rise (Y11,800 m.) in such investments during February including industrial bonds, stocks, bank debentures and public corporate bonds. The investment rise was particularly large for industrial bonds and stocks.

Deposits of all banks rose favorably in February when considered in the light of February dips during the past several years (although deposits were slightly below loans in February). Deposits were backed by the contraseasonal slackness in Treasury fund withdrawals, rise in current deposits from the loan expansion and large payments from the Foreign Exchange Fund as the counterpart of the balance of payments surplus.

Moreover, special features in February all bank accounts were rise in central bank reserve deposits by banks and increased short term fund reliance on the money market.

As the rise in bank deposits were relatively favorable even with the increase in loans and securities holdings, and ample funds were accommodated through the money market, bank fund positions continued to be slack. Reflecting this situation, total Bank of Japan credit advances shrank (by Y2,000 m.). Although the balance in Bank of Japan selling operations in Gov't Securities at February-end dipped somewhat, it is significant to note that the term of redemption on February sales has been gradually extended (formerly 10 days).

As the money market continued to ease, bank loan rates also pursued a downward trend. Following the bank rate cut initiated on June 10th 1955, the trend has been downward ever since. The most recent move in this direction was taken in January of this year when long term loan rates were cut by banks, trusts and insurance companies. Moreover, the Finance Ministry has proposed revisions in terms of corporate bond issues. All of which have expedited the downward curve in loan rates, centering around long term rates.

Bank Loan Rates (Ave.)

	(%) per annum		(A-B)
	1955 May-end (A)	1956 Jan.-end (B)	
All Banks	9.10	8.73	— .37
City Banks	8.81	8.44	— .37
Local Banks	9.14	8.86	— .28
Ordinary Banks	8.91	8.57	— .34
Trust Banks	8.85	8.35	— .50
Long-term Credit Banks	10.78	10.14	— .64

Besides, the leading rate as seen from the loan balance has also been dipping, from 8.76% at May-end 1955 to 8.40% at Jan.-end 1956. Loans at 8.03% have also been notable.

Insurance company rates to electric power and shipping lines were also cut.

The Gov't decided to establish temporarily a Financial Institutions Fund Council. The Council will advise the various Ministries as regards basic policies on use of bank funds in conformity with the Gov't 5-year Economic Plan and other national policies. It will be composed of about 20 members including scholars, men of experience as well as Gov't officials.

The Finance Ministry issued a memorandum on bank management recently. Among other things it called for economy and rationalization in management, more inter-bank cooperation, replenishing own capital, building of sound assets through proper loans and investments, etc.

Influenced partly by the Finance Ministry, the major commercial banks have decided to double their capital.

Currency: Although affected by seasonal fluctuations, Bank of Japan note issues have remained within the stable zone with the excess issues over withdrawals held to within bounds. This is also underscored by the ups and downs in total money supply as well as the tempo of currency circulation as seen from bank cash movements, deposit payments and bill clearances, all indicating dullness in rise. Turn-over in current accounts has also slackened. However, expanding economic developments may affect currency movements.

Influenced by the slackening money market, the balance of commercial bank obligations to the Bank of Japan has dwindled notably. As of Feb.-end, the balance on Bank of Japan credits stood at Y21,000 million. Of this, the balance on loans against usance bills covered 76%. At Jan.-end the respective figures were, Y28,100 million and 57%.

Moreover, commercial bank deposits with the Bank of Japan have been rising influenced by money market easing, and proddings by the Central Bank itself to avoid easy reliance on borrowings (from the B.O.J.) and to raise payment reserves with the Bank.

Production: Basic production trends in January were still firm, despite the seasonal dip (7.5% below Dec.; the Jan. against Dec. dip has been 8%-plus for the past years). However, the index for Jan. '56 was 20.3% above the corresponding period a year ago. (Industrial production has been setting new post-war peaks successively since July '55 up through December).

As for inventories, producers inventory of processed goods (in Jan.) rose by 3.3% over the previous month, but wholesalers inventory (Dec. against Nov.) dipped by 4%. However, the former increase is considered seasonal, and demand is continually firm.

On a commodity basis, steel, non-ferrous metals, and oil products increased at both the producer and wholesale levels. In particular, non-ferrous metals at the wholesale level upped sharply by 35.5%. Certain of these inventory movements are due to intentional inventory investments stimulated by firming market trends. These bear watching in the light of easing money markets. The raw material inventory is at a low level, dipping by 0.6% (in Jan.).

Production activity is supported in the main by export expansion. Recently, however, the export rising tempo seems to have dulled. And the home demand trend stimulated by exports shows signs of firming gradually. This

is indicated by rising shipments for home consumption of steel, non-ferrous metals, cement, etc.

Plant & Equipment Investment: Investment in plant and equipment has begun to creep. For the present, however, the only notable development is the rising trend in new orders for machinery since the second half of last year. Rise in investment activities on construction and financial indices have not been marked. The above is believed to be due to emphasis on modernization and installation of new machinery rather than plant modernization and expansion, and the rising trend in covering industrial plant and equipment fund needs through own funds. Hence, the investment level is considered at a low level generally.

It is true, however, that reserve capacity in plant and equipment operation has been dipping lately with expanding production and that industries are planning for large scale investment influenced by rising rate of profit, dip in money rates, increased currency holdings (deposit, cash), etc. These investment developments may have a strong bearing on the course of future business trends.

Foreign Trade & Exchange: The balance of payments for February showed a favorable surplus (\$44m.) mostly by increases in exports and receipts from the Security Forces. The January balance showed a seasonal dip.

The major export indicators; foreign exchange, customs and letters of credit all showed favorable advances particularly for the latter two. However, the future is not all optimistic in view of declining textile export contracts for S.E. Asia, Japanese steel (destined for India) being successfully outbid by Western Europe, etc.

Import also has been on a notable rise. Import letters of credit for February indicated a peak since autumn 1953 (\$214m.) following the dull record of the previous month. Moreover, purchase of Burma rice was large. It is also significant that there is an overall rising trend in import of industrial raw materials as cotton, wool and for steel-making.

As an indication of this rising import trend, the foreign currency budget for the 2nd half of the fiscal year ending March 1956 (original budget, \$1,314m.) was supplemented by \$131 million through February for added import of raw materials for steel-making, machinery and raw rubber in the main. The outlook is that additional padding may be necessary.

Foreign Exchange Market: With the foreign exchange balance expanding the foreign exchange market has been gradually activating extending from spot to forward transactions. Recently, interbank transactions among foreign exchange banks have risen to more than half of total transactions. Professional brokers have also begun to operate. This trend toward expansion in foreign exchange market transactions, and particularly less dependence on the Ministry of Finance Account (Foreign Exchange Fund) indicates a move forward in normalization of the foreign exchange market.

Heretofore, nearly all transactions in foreign exchange were between the foreign exchange banks and the MOF Account. Interbank dealings were exceptional and limited to spots.

KOREA'S COMMERCE AND INDUSTRY

The Ministry of Commerce and Industry of the Republic of Korea controlled more extensively domestic trade channels, sought to increase foreign trade, improved the mining industry, marked time in the machine industries, increased the fisheries' efficiency and production, and made advances in the textile and chemical industries.

DOMESTIC AND FOREIGN TRADE

Due to large increase in demand for consumer goods, following damages caused by war, the authorities had to expand the scope of domestic trade. To satisfy growing demand, additional importations were necessary. In order to expand its import program of consumers' goods, the ROK had to acquire more foreign currency, while multiplying the domestic production—where possible—of daily necessities so as to meet the national demand. Two factors impeded the acquisition of sufficient foreign exchange: (1) suspension of sales of tungsten, and (2) Japan's reduction of her imports from Korea.

ROK adopted a number of policies to protect and foster domestic commercial organizations. The 27 Chambers of Commerce and Industry, including the Taehan (National) Chamber of Commerce and Industry, received special consideration. The chambers throughout the country were recognized as legal commercial bodies. Public markets were placed under more careful supervision and new wholesale markets were established. Marketing volume was expanded thus providing citizens in urban areas with greater supply of foodstuffs. A permanent exhibition-house of national products has been established in the hope of finding a larger market abroad.

Compared with 1953, ROK's international trade in 1954 dropped off considerably:

	(in thousands U.S.\$)	
	1953	1954
Exports	44,720	25,911
Imports	174,260	77,505
Trade Deficit	129,740	51,593

The imbalance in foreign trade was reduced despite the loss in volume. Most serious was the drop in Korea's export. This situation resulted partially from the stoppage of tungsten export which, in accordance with the U.S.-Korea Tungsten Purchase Agreement had served greatly as an encouragement to national export. Korean tungsten exports had played a dominant role:

Year	Total Exports	Sales of Tungsten	%
1951	\$51,568,893	\$ 4,720,012	32.9
1952	26,591,196	16,554,809	62.2
1953	44,720,694	30,597,893	68.3
1954	25,911,897	13,096,352	50.5

Expansion in other export lines in 1954 prevented the severe drop (from thirty million dollars in 1953 to thirteen million in 1954) of foreign sales of tungsten from blighting the export program. Efforts are being made to sell tungsten on the world market.

Details of the 1954 foreign trade of the ROK are as follows:

	(in US\$ 1,000)	
	Exports	Imports
Government Agencies	—	\$ 9,882
Civilian Traders	\$25,911	67,741
TOTAL	\$25,911	\$77,623

Origin of Imports		(in US\$1,000)
A. By Government Agencies—		
Japan	1,682	
Hongkong	858	
United States	6,506	
Formosa	105	
Others—(Including Belgium, West Germany and the Netherlands)	990	
B. By Civilian Traders—		
Japan	\$24,699	
Hongkong	28,696	
United States	10,488	
Formosa	969	
Others	2,856	
Destination of Exports		
Japan	\$ 1,932	
Hongkong	1,853	
United States	15,779	
Formosa	139	
Others	206	

MINING INDUSTRY

During 1954, Korea's mining industry improved, multiplying production with the new installations of equipment. Damages suffered during the war were rehabilitated. Despite various difficulties, the mining of coal expanded, output having been increased by about 15,000 tons in comparison with the preceding year. However, because of severe flood during the summer, the transport of coal badly stagnated and the ROK Army was called upon to assist and advise the industry.

The output of gold bullion tripled over the previous year's total. Also, production of silver, copper, kaolin, limestone increased remarkably. The chief reason for the increases was the rehabilitation of the mines which had suspended operation because of financial predicament. A series of loans to mine operators helped ease the situation.

Another major development was the completion of the Taejon Mineral Laboratory. Originally conceived in Spring 1952, this project had the purpose of establishing a central mineral laboratory at which could be trained assay and milling technicians. \$170,000 worth of special assay equipment and materials were imported under UNKRA auspices in order to complete the Taejon Mineral Laboratory. For the purpose of training mine-workers in the latest techniques of operation, \$370,000 worth of materials were imported by UNKRA to establish a model mine. The training mine will be established at Yangjiri, Poryong-Gun, Chungchong Namdo. The affiliated milling equipment with a capacity of 50 tons of ore per day is now installed. Surveying activities were stepped up. In order to confirm the value of domestic placer areas, the gold area of the Taechon mine located in Haeje-myon, Musan-Gun, Cholla Namdo, was surveyed. Tantalum and cerium received attention when surveys were run at the Muju Columbite Mine located in Chokjang-myon, Muju-Gun, Cholla Pukdo, and at the Miho mine in Ochang-myon, Chongwon-Gun, Chungchong Pukdo.

Additional measures were taken to aid the fuel industry. Aid materials imported under UNKRA program were used to reconstruct about 60% of the war-damaged facilities. With Government-owned dollars and a Special Dollar Loan, three vessels were procured providing transportation for coal. A total of 74,579 tons of coal was transported during the year by the Taihan Coal Corporation. Of the 100,000 tons of bituminous coal procured under the 1954 FOA program, 57,705 actually arrived.

The mines in the newly liberated areas were surveyed thoroughly. As a result, 286 new mining areas are now under ROK jurisdiction, with a potential of 233 productive mines.

FISHERIES

While the fishing industry is now on the road to recovery, fisheries production and processing generally fell below the planned goals for 1954.

In terms of actual landings, the productions were: (in M/T):

Marine Landings	Units Required	Actual Catch
Fresh fish	260,000	190,776
Shell fish	15,000	11,148
Seaweed	25,000	81,187
Miscellaneous	70,000	39,612
Sub Total	370,000	322,723
Bedded Landings	Units Required	Actual Catch
Laver, oyster, etc.	4,000	8,000
TOTAL	374,000	330,723

The actual canning of fish and fish products amounted to only 4,900 M/T in contrast to the required goal of 8,000 M/T. Approximately 850 M/T of fish netting were manufactured during 1954 and 1,450 of rope and twine were produced, in comparison to the goals of 1,200 and 1,500 M/T respectively. The Govt. surveyed fishery resources in the coastal areas in the south and east. In order to protect the coastal fishermen and to supervise the grounds to prevent illegal fishing, the Government granted subsidies to each province to operate supervision vessels:

Measures were taken to rehabilitate the fishing fleet. With UNKRA financing, a contract for the local construction of ten 77.5-ton trawlers (200 HP) was let with the Choe-y Lee Shipyards in Hongkong; they were delivered to the end-users during the first quarter of 1955. In addition, several 300-ton steel vessels (550 HP) were purchased with Government-owned dollar exchange and arrived. To replace over-age fishing vessels, the ROK Government imported ten motorized drag-net boats, seven fish carriers, two mackerel purse-sein fishing boats, and five smaller craft.

In the program to repair facilities at the fishing ports, 1,000 meters of break-water in 27 ports and 1,000 meters of wharves in 29 locations were reconstructed or extended with a Government subsidy of 126,000,000 Hwan.

The annual requirement of about 200,000 metric tons of ice, exclusive of the demands of the UN Forces for 50,000 tons, unfortunately is not being satisfied. With UNKRA aid, it is planned that \$230,000 will be expended for 10 new plants and the expansion and reconstruction of 8 other plants. During the past year, 13 new plants began producing ice and providing storage facilities. Approximately 175,000 metric tons of ice were produced in 1954, in comparison with 128,174 in 1953 and the pre-war total of 70,164.

Agar-agar, produced in 34 processing plants in 3 provinces, was a chief export item and earned \$1,271,000. AH agar-agar was exported to earn foreign exchange. On the other hand, because of inadequate canning facilities, only 4,245 kg. of fish could be exported in processed form, although 3,825,795 kg. of canned fish were diverted for military use. Through UNKRA, 3 high-speed vacuum sealers were imported. The export of dried laver was impeded because of Japanese refusal to trade. The Government provided a special fund of 2,982,000 Hwan to import facilities for the breeding of fish species, including the special Tilapia gift from Thailand, at the Chinhae Fish-Culture Station. 200,000 herring and 500,000 cod fish were fed in Kyongsang Pukdo, and 100,000 cod fish and 530,000 carp were fed in Kyongsang Namdo and Kyonggi Province.

UTILITIES

Progress was made toward realizing the completion of the ROK three-year Power Development Project: (a) By good maintenance of existing hydro plants and new development of potential hydro resources, a yearly average of 240,000 KW is expected; (b) by good maintenance of existing thermal power plants and the completion of 100,000 KW of new thermal plants now under construction, a yearly average of 109,000 KW is anticipated. Thus, the total power supply will amount to 350,000 yearly, or a net supply of 315,000 KW after allowing for 10% transmission losses.

The second unit of the Hwachon hydroelectric plant went into full operation in June, 1954, and addition of still newer facilities of 27,000 KW was made in November, 1955. Also, work on the Kwaesan hydro plant has been completed and 40% of the construction work on the dam has been finished.

Under the 3-year development project, five new sites—Chungju, Yaju, Soyanggang, Chunchon, and Sumjingang—were surveyed with government funds totaling 13,638,400 Hwan.

The Yongwol power plant has been repaired with a government loan of 23,000,000 Hwan and is now generating 30,000 KW. A fuel oil plant with a capacity of 1,200 KW is installed on Cheju Island; UNKRA is providing \$545,000 and ROK 42,000,000 Hwan for the construction.

Transmission and distribution lines and substations have been repaired and maintained with a special Government fund of 23,000,000 Hwan. Also, UNKRA set aside funds for the electric wire production facilities.

For the rehabilitation of the war damage of the Taehan Electric Wire-Drawing Company and the Tong-Yang Electric Wire-Drawing Company, about 80% of the total amounts of both construction and capital goods were imported at a cost of \$100,000.

INDUSTRY

The textile industry continued to lead the nation's industrial recovery program. 1954 totals indicate a 157% increase in production of cotton yarn over 1953, 121% increase in cotton sheeting, 95% increase in woollen cloth, 120% increase in worsted cloth, 42% increase in woollen yarn, 101% increase in silk and rayon cloth, 137% increase in knitted undershirts, 107% increase in stockings and 98% increase in glove production. Textile production increases stemmed from installation of additional equipment, and from a larger flow of raw materials. Cotton spinning equipment consisted of 177,688 spindles at end 1953 but numbered 332,860 spindles by end 1954. Cotton weaving equipment consisted of 3,867 looms at end 1953 and increased to 4,991 looms by end 1954. The new spinning equipment was imported largely with UNKRA funds. With \$2,800,000, 55,440 spindles were imported and were allocated to the Chunnam, Keumson, and Taejon Textile Mills. With \$1,900,000, 1,500 looms were imported and were allocated to the Keumson Textile Mill and four other smaller mills.

For the purpose of repairing the war-damaged equipment, ROK imported \$415,260 worth of textile machine parts and accessories in 1954. The Government also allocated \$4,500,000 for the reconstruction of the Korea Textile Company. The Special Foreign Exchange Loan Type "B" for the import of textile equipment totaled \$5,000,000 in 1954. About 1,600 modern weaving machines were imported for the silk and rayon industry; those machines produce top-grade velvet and velveteen.

Raw materials for textile production were imported as below: (in pounds):

Item	FOA	CRUK	Commercial	Total
Raw cotton	55,761,200	—	—	55,761,200
Cotton yarn	6,417,200	—	2,954,180	9,371,380
Rayon yarn	2,961,500	—	14,133,520	17,095,020
Wool	—	230,000	—	230,000
Worsted yarn	215,640	—	2,894,372	3,110,012
Waste rayon	125,000	—	—	125,000

Production of basic chemicals scored advances. Production of calcium carbide, precipitated calcium carbonate, zinc oxide, hydrochloric acid, sulfuric acid, and other industrial chemicals reached pre-war levels, thus meeting the minimum demand of national requirements. Pre-war levels were surpassed in rubber, leather, paper, dyestuffs, soap, paints, oil and fats, sugar, plastics, and processed foods. The ROK organic industries are largely dependent on foreign markets for raw materials and can continue to expand only to the extent the import program can be strengthened.

Groundwork for the construction of basic national industries has been accomplished. With the appropriation of an aid fund of \$23,000,000 from the FY 1954 FOA program, the construction of a new urea fertilizer plant is planned; the new plant will be able to supply 40% of total national nitrogenous fertilizer demand. A new cement plant will be built at Moonkyong, Kongsang-Pukdo, with the appropriation of \$5,250,000 from the FY 1954 UNKRA aid funds. Also, the rehabilitation of the Samchok Cement Plant will get underway with a \$630,000 UNKRA appropriation for repair materials. A flat glass plant costing \$2,249,000 is under construction at Incheon as a joint UNKRA-ROK enterprise.

Under FOA and UNKRA programs for FY 1955, paper plants, an automobile tire plant, a reclaimed rubber plant, a glass bottle plant and other similar projects were started in 1955. It is hoped that, upon completion, they will be able to meet most of the national industrial demand.

The machinery industries progressed little. There is no steel mill in south Korea. It has been planned to erect a 50-ton open-hearth furnace, a rolling mill, and a galvanizing unit at the plant site of the Daehan Heavy Industry Company at Incheon. The foundations for the installations were completed in 1954 and a contract for the furnace was let with the Demag Company of Duisburg, Germany. The project will yield 35,000 metric tons of steel ingots, 24,000 tons of angles, channels, etc., and 5,000 tons of galvanized iron sheets a year.

In order to determine the feasibility of producing iron by using anthracite lump coal as fuel, a test operation of a 20-ton blast furnace located at the Samwha Iron Works in Samchok was conducted. Results confirmed that iron-making with anthracite coal was feasible and that 728 metric tons of excellent pig iron can be produced monthly. Because of the lack of working capital, however, the iron-making industry has not been activated.

The fifty nail manufacturing plants in Korea have an annual production capacity of 15,000 metric tons of nails. Despite the increasing demand for nails for the reconstruction effort, these plants produced only 6,000 metric tons in 1954.

Automotive parts manufacturing plants have been producing 51 different kinds of automotive parts, including pistons. They have not only been able to meet civilian domestic requirements but also military requirements. In view of the fact that overhauling and major repairing of vehicles have been done in Japan previously, it has been planned to establish a modern automotive rebuilding plant in Korea with a \$600,000 UNKRA aid fund. The new plant will be able to turn out 3,500 over-hauled vehicles a year, which will be sufficient to meet the annual requirements of Korea.

30,000 bicycles were manufactured, making Korea now more than self-sufficient in bicycles. Prime engine manufacturing plants have turned out sufficient Diesel engines and pumps to meet national requirements for rice polishing and mechanical irrigation. However, large and electric motors are not being produced. Approximately 3,500,000 bobbins and 36,000 shuttles were manufactured during 1954, making Korea self-sufficient in those two textile factory parts. In order to enable Korea to produce five other different kinds of textile machine accessories, including spindles, \$200,000 of the FY 1954 FOA funds have been allocated for the extension of existing factories.

At present, ROK has to import all steel piping it required. A plan was laid out to establish a plant which will produce the 8,000 metric tons of various types of steel pipe required each year. Another gap in the machine tool industry may be closed when current plans are realized for a plant capable of producing 50,000 gross of steel balls annually and for the expansion of an existing cutting tool plant to permit the production of 300 metric tons of various machine tools annually.

SINGAPORE'S TRADE IN 1955 AND BUSINESS CONDITIONS

By Singapore Chamber of Commerce

TRADE GENERALLY

(in Thousands of Mal. \$)

	Imports	Exports	Total
1936	\$ 512,900	\$ 638,800	\$1,151,700
1937	698,500	705,100	1,403,600
1938	559,400	581,500	1,140,900
1939	628,100	750,200	1,378,300
1947	1,367,500	1,294,900	2,662,400
1948	1,785,759	1,724,162	3,509,920
1949	1,839,812	1,677,364	3,517,176
1950	2,891,133	3,956,937	6,848,070
1951	4,720,312	5,990,546	10,710,858
1952	3,873,142	3,918,503	7,791,646
1953	3,238,232	3,021,616	6,259,848
1954	3,189,353	3,111,499	6,250,853
1955			
Singapore	2,865,486	2,781,798	5,647,285
Federation of Malaya	956,421	1,374,535	2,330,957
	\$3,821,958	\$4,156,334	\$7,978,192

The year closed with the favourable visible trade balance of \$334,475,000 which compares with an adverse balance of \$28,000,000 last year and an adverse balance of \$217,000,000 in 1953. Total trade was the highest since 1951 and the second highest ever. The proportion of Federation trade to total trade moved up from 24 per cent last year to 29.2 per cent this year. In addition a very large 'invisible' revenue accrues from the funds imported to maintain the large numbers of Services personnel and to cover the large numbers of local population consequently employed.

This very pleasing improvement in trade stems largely from the maintained demand for and the very enhanced prices of Tin and Rubber, and normally we should be recording a state of considerable prosperity with buoyant markets and a happy contented community. On the contrary, the year closed in a state of uncertainty and doubt and considerable industrial unrest. Instead of a free flow of money there was a growing tightness in the great and complicated credit system and perhaps too little is generally understood about the historical manner in which the many and very complicated trades are financed and the effect of uncertainty thereon.

Industrial unrest is growing and the urgent need exists for Government to set up as quickly as possible a joint Consultative Board to whom Employers and Employees could, if they so wished, put forward problems for open-minded deliberation with the ultimate object of obtaining reasonable recommendations likely to be acceptable to both parties. As the year progressed there was, unfortunately, ample further evidence of the need for such machinery but there is still no sign of any action by Government to facilitate consultations necessary between Employers and Employees.

There is abundant evidence of the need in Singapore to find avenues of new employment for the many thousands already jobless and for the great numbers who yearly leave schools with hope in their hearts. It has already been computed that new employment must be found during the next sixteen years for some hundreds of thousands for whom there will be no room in existing commerce and trade. Ample vocal reference has been made to the desire to encourage capital investment in new industrial enterprises but

so far there is little evidence of response. Nor can much be expected until prospective investors, local or foreign, can be assured of security and stability and a reasonable chance to make any venture profitable. With limited facilities, high power costs and rising wages, coupled with continual unrest and threats of higher taxation, the picture is not encouraging especially with better conditions available nearby. This is not a problem that could be solved by the establishment of a Central Bank. Singapore is a free port and even with two million population can never alone support any worthwhile industrial undertaking and to obtain an export trade prices must be competitive. New developments apart, it behoves us to take care of what we have and to study how our trade can be maintained under steadily increasing costs and rising competition. As has been frequently pointed out, Singapore is only a market place and transit port. It has survived and can only continue to survive, if it provides its historic services as competitively as similar services in other ports. Already there are signs of some of our trade going elsewhere.

The need to foster our entrepot trade is evident and whilst earnest endeavours have been made by the present Government under the leadership of the Chief Minister to re-establish good trade relations with Indonesia, we still have to see any lasting results. In all sociological evolutions there is a tendency to swing the pendulum violently but in our very vulnerable trade position in Singapore we must endeavour to bring the swing to normal as quickly as possible. Now that the demands and aspirations have been heard a period of quiet consideration is necessary whilst we face facts. Nothing of value will be gained by constant agitation and disturbance of the trade machine and false pressures may only result in further unnecessary inflation and unemployment.

If the genuine aim is to bring further benefits to the peoples of Singapore then Government and all others concerned with their welfare must present a united front. Every facility should be made available for Employer and Employee to sit down in calm and reason to face the undeniable fact that an unseemly scramble for possession of the golden egg may only result in something of doubtful value. We must stop alarming our friends and neighbours and assure them of the security and service for which they look and by which we live. Uncertainty is the enemy of enterprise and investment and a bucket of co-operation is better than an ocean of talk.

THE SINGAPORE HARBOUR BOARD

Number of vessels accommodated:

	30/6/54	21/12/54	30/6/55	31/12/55
Dockyard Department	202	190	147	203
Traffic Department	1,819	1,901	1,793	1,780
Nett Registered Tonnage of vessels berthed alongside:				
Dockyard Department	346,401	359,418	296,807	384,769
Traffic Department	5,611,827	5,442,238	5,341,625	5,400,873
Tonnage of Cargo handled (excluding Coal & Fuel Oil)				
Import	981,873	987,500	1,184,772	1,109,002
Export	946,879	899,352	913,935	902,894
Grand Total of Cargo handled (including Coal & Fuel Oil)	2,820,014	2,673,982	2,784,708	2,876,901
	1954	5,493,996	1955	5,661,609

During the month of March (1955) a total of 379,394 tons of dry cargo (excluding coal and bulk liquids) was handled over the Board's wharves. This is the highest monthly total ever recorded.

Although there was a slight decrease in the number of ships accommodated during the year ended 31 December 1955 as compared with the previous year the total cargo handled, including bulk latex and edible oils, fuel oil and coal, shews an increase of just over 3 per cent. Disregarding coal and fuel oil traffic the increase amounts to 7.7 per cent.

No shed congestion was experienced during the year but it has been noted that a greater number of ships were unberthed on arrival than formerly. Such delay as has occurred however has never reached serious proportions and the principal factor contributing to it has been the tendency of more loading vessels to remain alongside whilst loading smaller daily quantities of cargo not readily coming forward for shipment.

During the year 8 more berths were fully mechanised and it only remains to carry out mechanisation on 3 more berths to complete the basic programme for the whole of the wharf. At the end of the year 35,000 ship working pallets were in use. Thirty two 6,000 lb. and one 18,000 lb. fork trucks were added to the Board's fleet. Two diesel locomotives were placed in service.

The Board's dockyards were well occupied during 1955 though perhaps not quite so fully as in previous years. There was some slackening in demand for services in the third quarter though the situation now appears to have been restored, but dry docks were much sought after throughout. A great deal of development work and re-equipping has been carried out during the year which will assist efficient working and go some way towards meeting the competition from other repair centres operating on a lower price economy.

The construction of the Queen's Dock made satisfactory progress during the year. With the 'Vox' gate nearly complete and heavy machinery and equipment coming forward in orderly sequence no special difficulties are anticipated and all work should be completed about the middle of 1956.

A further electric travelling Monotower, of 10-Ton lifting capacity, was ordered during the year for mounting on the west side of The King's Dock.

In the field of general development good progress was made in which the co-operation of the local planning authorities has been greatly appreciated. In view of the importance of securing additional deep water quayage as early as possible it has been decided to rephase the East Lagoon programme by treating the re-alignment and extension of East Wharf as the first stage, integrating it with the general Wharf system and developing the new road lay-out at Tanjong Pagar to serve this extension in a manner which is now made possible by the acceptance of the scheme as part of the Singapore Development Plan. The new East Wharf work on which it is hoped to start in the middle of 1956 will provide about 2,200 1 ft. of deep water quayage in place of 700 1 ft. usable at present with a restricted draft. One of the berths on the pier quay so formed will have facilities suited to the large passenger liners now on regular call and in addition to this, berth 42/43 is already being laid out with amenities for passenger traffic.

BANKING AND EXCHANGE

The published figures of the country's visible trade revealed an export surplus for each month of the year with the exception of May and June, the final favourable balance

being \$334 million. As one would expect in these circumstances the Malayan Exchange Banks Association's best agreed sterling T.T. rates to merchants which, on December 15th 1954 had been raised to 2/4 1/32 selling, 2/4 5/32 buying, remained unchanged throughout the whole of 1955. It should be noted that these rates are usually described as the "supertop" in that the buying rate is 1/32 above the rate at which the Currency Commissioners exchange notes for sterling with local banks. The maintenance of rates at the ultimate top is closely related to bank supplies of cash when money returns in any volume to the banks one would expect the rate to ease. During 1955, however, local banks, chiefly the British banks, sold sterling to the Currency Commissioners to an amount of £17,300,000 thus expanding the currency by £148 million. The bulk of sterling business between banks throughout the year was done at 2/4 7/64.

The whole amount of money in circulation on January 1st 1955 (notes and coins) was \$805,545,130 and on December 31st as a result of the expansion mentioned above it had increased to \$950,340,620.

On January 27th 1955 Bank Rate was raised from 3 per cent to 3½ per cent and on February 24th the 3½ per cent Bank Rate having been found ineffective, the rate was raised by a full 1 per cent to 4½ per cent. The Malayan Exchange Banks Association who include in their calculation of the rates for the purchase of usance bills, a factor relating to the discount market in London were obliged to increase these rates from time to time during the year.

On March 7th 1955 following the rise in Bank Rate to 4½ per cent, the Malayan Exchange Banks Association's agreed minimum rates of interest for dollar advances were raised in certain categories and from that date until the end of the year were as follows:—

Advances against Government and/or Municipal Securities ..	5 %
Clean Advances ..	5 %
Advances against Commodities ..	5 %
Advances against Stocks and shares ..	6 %
Advances against Property ..	6½%

Bankers feel that the close financial relationship existing between London and Singapore justifies interest rates in each centre being broadly aligned. It is nevertheless interesting to note that the Association's above minimum rates were slightly lower than those obtaining in the City of London. On the other hand rates for fixed deposits offered by local banks have, on the whole, been higher than those quoted in London.

Banking Statistics show the following outstanding Pan-Malayan at 31st December 1955:—

December 1955		Percentage increase over 30.6.1955
Cash	\$ 81,292,000	45.17%
Loans and Advances	625,285,000	11.40%
Demand Deposits	968,681,000	7.82%
Fixed Deposits	293,451,000	46.96%

TIN

The year opened with a price of £698 per ton in London and \$344.25 per picul ex Works in Singapore. The price remained steady for the first six months of the year and moved within narrow limits at an average of \$354.12½ per picul. During the second half of the year the price moved to a higher level at about \$375 per picul, with a sudden upward trend during December reaching a peak of \$409.25 on 9.12.55, thereafter falling away slightly until the year closed at \$405 per picul—\$4.25 under the best. During this period the contango, which was a noticeable feature during the first half of the year, disappeared and

backwardation rose to £26 per ton in November closing at £19-0-0 per ton on 30.12.55.

The highest Sterling price per ton was £823.0.0 on 13.12.55
 The lowest Sterling price per ton was £682.0.0 on 11.1.55
 The average Sterling price per ton was £736.14.7
 The highest Malayan Dollar price per picul was \$409.25 on 9.12.55
 The lowest Malayan Dollar price per picul was \$335.37½ on 7.1.55
 The average Malayan Dollar price per picul was \$365.50.

MONTH	SINGAPORE PRICE			LONDON		Straits Premium Average Per Ton
	Per Picul Ex Works.			Sterling per Ton		
	Average	Highest	Lowest	3 Months Buying		
January	\$341.36	\$350.87½	\$335.37½	\$694.11. 5	£0. 1.11	
February	355.28	359.50	351.50	714.16. 6	4.13. 6	
March	354.25	356.00	351.50	714.12. 7	4. 9. 1	
April	356.17	359.00	353.87½	716.17. 4	5.13. 2	
May	356.56	359.25	353.87½	715. 7. 7	8. 2. 1	
June	361.13	364.75	356.50	723.17. 9	8.18. 2	
July	367.97	375.25	361.00	742. 0.11	5. 6. 4	
August	371.70	373.50	370.00	747.19. 7	4.18. 4	
September	372.37	376.50	369.25	749. 1. 4	5. 8. 7	
October	372.36	375.00	371.00	749.12.10	5. 5. 4	
November	375.70	381.37½	371.75	759.11.10	2.10. 1	
December	401.19	409.25	382.87½	812. 5. 6	5. 0. 1	
	\$365.50	\$409.25	\$335.37½	\$736.14. 7	£5. 0. 7	

TIN & TIN-IN-ORE exported from the Federation of Malaya showed an increase of 813 tons on the figure for the previous years:—

	Piculs	Tons
1952	968,786	57,666
1953	951,925	56,662
1954	1,021,959	60,831
1955	1,035,624	61,644

IMPORTS OF TIN AND TIN-IN-ORE FROM OTHER SOURCES:

	1952	1953	1954	1955
	Tons	Tons	Tons	Tons
Burma	1,049	944	893	916
Siam	4,527	5,153	7,663	8,030
Elsewhere	305	231	126	108

EXPORTS OF METAL FROM SINGAPORE AND PENANG:

Destination	1954 Tons	1955 Tons
United Kingdom	4,765	3,059½
U.S.A.	40,529	43,494
Continent of Europe	10,759	9,525
Canada	760	1,320
Australasia	932	705
Japan	3,723	4,338½
Pacific	511	475
India	4,254	4,007½
South America	3,373	3,028
Africa	467	630½
Middle East	260	566½
	70,333	71,150

TEXTILES

Following the abolition of all import restrictions on Japanese textiles in March, the year has been notable for a continued increase in the grip of Japanese textiles on the market. This has been done particularly at the expense of Indian manufacturers.

In order to try and halt this falling off in their business, an Indian Trade mission visited Singapore in July to study market conditions at first hand. Although it is too early to assess the results of their visit, an immediate result was the appointment of a special textile representative. He will be based in Indonesia and will cover the South East Asia markets in order to keep Indian manufacturers informed of market trends and requirements.

Re-exports to Indonesia have improved to some extent particularly in Japanese textiles. Dealers in Singapore,

however, are able to obtain only extremely small profit margins out of such transactions. Although the policy of the Indonesian Government is still to encourage imports direct from manufacturing countries, the system of obtaining export licences has recently been speeded up and it is hoped that this may lead to further improvement in re-exports in 1956.

Japanese manufacturers have greatly improved the quality of their woollens and this, coupled with cheaper prices and quick delivery, has led to a falling off in demand for U.K. woollens.

Competition from China which was strongly evident earlier in the year has tended to fall away owing to the fact that manufacturers have been unable to maintain their initial low prices. German manufacturers are making an extremely strong effort to enter the market, particularly in fancy lines. With cheaper prices and quicker delivery than U.K. manufacturers, Germany may well become an important source of supply to this market.

For comparison purposes, the import and export figures for 1954 and 1955 and also the export figures to Indonesia for 1954 and 1955 are set out below:—

Malayan Imports of Cotton Piecegoods

	1954 Sq. Yds.	1955 Sq. Yds.
United Kingdom	13,329,546	8,991,495
Hongkong	3,747,845	19,262,825
India	51,530,280	47,547,575
Czechoslovakia	1,649,776	1,232,891
West Germany	—	248,567
Hungary	2,647,611	132,550
Netherlands	1,566,970	580,178
Poland	1,238,232	57,801
U.S.A.	2,894,860	1,741,868
China	—	11,090,913
Japan	52,426,665	83,737,688
Total From All Sources		
Imports	133,909,867	175,458,069
Exports	39,251,788	71,621,824
Exports to Indonesia		
	5,736,359	45,388,621

BUILDING MATERIALS

The Singapore Government building programme continued at a high level, with special emphasis on low cost housing schemes and the building of schools. A certain amount of speculative building is still being planned and carried out, but in the main this is also for lower priced houses.

All types of building materials were readily available, but at higher prices than previously due to increased manufacturing costs and freight rates; this increase was particularly marked in supplies from United Kingdom sources and unless prices of commodities from the United Kingdom are stabilised, buyers will look to other sources of supply, such as the Continent or the Far East.

Cement imports from the United Kingdom fell by a half over the last six months of the year, in comparison with the first six months. Over the same period Japanese cement importations maintained the same tonnage.

The price of steel fluctuated considerably during the year, but in general it continued to rise from all countries of supply. The delay in payment by contractors of their accounts has made trading particularly difficult for the large import houses. Competition amongst importers of building materials has been very keen and profit margins reduced to a minimum.

ENGINEERING SUPPLIES

During the year under review a tendency for increased capital investment was apparent, but this was tempered by a strong note of caution, due to the uneasy labour situation and political changes which are now taking place.

Strong competition from Germany, Sweden, Denmark and—in the less specialised fields—from Japan, has brought about reduced profits and buyers are careful to investigate thoroughly the market before deciding on any particular make of machine. Their decisions are influenced by the availability of reasonably priced spare parts and good after-sales service. There have been substantial purchases of new equipment for palm oil mills, both to replace and supplement existing mills.

The dealer trade remained quiet and trading in small tools, ropes and general hardware was at a lower level than in the past. Dealers were reluctant to carry large stocks, due to the unstable local situation. All countries are now actively competing for the small tool and hardware trade, which has resulted in buyers' prices remaining at the same level, although manufacturing costs have increased.

There is continued interest in mechanical handling and many of the larger organisation are seriously considering full mechanisation.

The market for electrical appliances continues to be very competitive, particularly in respect of items such as domestic refrigerators and window-type air conditioners. Importers are extending to distributors special credit facilities to encourage them to sell their goods.

Sales of the smaller size generating sets declined still further.

PROVISIONS

Imports of refined sugar from U.K. and the Continent were restricted in the first half of the year because of Underwriters' decision not to treat sweat damage as an insurable risk. Later in the year, buyers accepted the risk themselves and imports from U.K. reached a high level.

Refined sugar from Hongkong continued to arrive steadily but in lesser quantities than the previous year.

Taiwan refined sugar was freely available during most of 1955 and at cheap prices. Imports were heavy in the early part of the year and caused a glutted market.

Singapore's requirements of raw sugar were met mainly by Australia.

For much of the year, Flour importers were trading at inadequate margins. The overstocked position of the market in June was corrected by a shortage of shipping space from Australia which made itself felt towards the end of the year. This shortage of space was due to heavy bookings made by Indonesia after the lifting of certain import restrictions in that country.

Australia and Canada continued as the main suppliers of Flour but, latterly, shipments were received from France. There was also some importation of Hongkong-milled flour.

Throughout the year there were plentiful supplies of canned provisions and frozen foods. It is noticeable that fresh butter is gradually replacing tinned butter in popularity.

Imports from Japan continued at a high rate, the main commodities being fruit and fish, both dried and canned. China is now supplying increasing quantities of tinned meat, eggs, fruit and vegetables to this market.

The period under review saw little entrepot trade.

FRESH FRUIT & VEGETABLES

Trading conditions generally were more healthy although the re-export market still suffered from restrictions in neighbouring territories. The regulation of Australian apples and pears, however, helped to maintain a more healthy tone.

Plums. The year opened with plentiful supplies from both Australia and South Africa with a consequent fall in market prices. Later in the year American supplies were received at a high price but did not carry well.

Apples. Canadian and Japanese supplies had cleared by the time the Australian fruit started to arrive in March. Supplies, thereafter were controlled and the market was generally healthy but cut out in August owing to the bad weather and poor crops in Australia. Tasmanian red varieties were priced too high for this market and this together with scarce shipping opportunities resulted in only small quantities coming forward.

The early white winter pears from America were immature and did not realise their cost, but later both red and green apples arrived in quantity and of good quality from China and Japan and were cheap in price.

Pears. With no restrictions on Australian supplies too many came forward and with the cheaper South African crop dictating the level of the market, they were sold at a loss throughout the season. The heavy demand for Japanese pears was consistently well supplied. American D'Anjous maintained their usual high standard of quality.

Oranges. The early glut of Chinese Mandarins depressed prices of Spanish and Middle East Fruit and did not clear until the Australian and South African crops were arriving. The improvement of South Australian and M.I.A. fruit has been most marked and these supplies were well received. Following a concession in price of Californian oranges increased quantities have come forward throughout the year. In the last quarter Formosa and Thailand also supplied more fruit than in previous years and generally the market has been fully supplied.

Grapes. The year started with a heavy surplus of Spanish grapes which were finally cleared to Saigon, making room for the Australian crops. The exceptionally bad weather, however, in Western Australia resulted in a poor quality which would not hold up in store and with the high prices asked considerable loss ensued. In consequence the usual supplies from South Africa were very well received; even so the market was bare when the early American varieties became available. The reduction in the price from America made these competitive with the new season Spanish, the price of which was increased on account of a short crop. The reduced shipment of Spanish grapes, however, was countered by the closing of Saigon to sterling grapes and so the market was again over supplied by the end of the year.

Vegetables. Heavy arrivals of onions from Lebanon, Bombay, Japan and Egypt kept the prices low throughout most of the year, some good quality brown globes were also received from Western Australia. Heavy arrivals of potatoes from Europe and the Middle East have competed with Japanese and later Chinese supplies at low prices and the market generally has been over supplied.

The bad weather conditions in Western Australia upset the regular supply of green and root vegetables and the market has taken increased quantities from Egypt, Japan and Italy.

WINES & SPIRITS

With the exception of certain brands of Whisky, there were ample supplies of liquors available throughout 1955.

The duty on certain liquors (Brandy, Whisky, Stout, Beer and Wines) was increased during November. The duty on Brandy and Whisky is now higher in Singapore than in the Federation. In anticipation of the duty increase, there was heavy buying by dealers, hotels, etc., who built up large stocks.

Despite the higher price of rubber during 1955, the bar and hotel trade did not benefit to the extent expected. This is undoubtedly due to the continuing uncertainty of the political situation.

Chinese beers and wines which reached the country in April were initially well received but there is now little demand for them.

There was some entrepot trade with Indonesia but it died away towards the end of the year.

PRODUCE

Tapioca. Demand for Tapioca has not been good and the price declined from the year's highest in July, \$24.50 to \$20 at the end of December. Combined Malayan shipments show a fall of about 20 per cent and of the total exported Singapore's share has continued to decline and Penang's increase.

Pearl Sago. Shipments are about the same as last year. Only two factories are working in Singapore and only on part time basis. They work on a hand to mouth policy because of the poor demand and unremunerative prices. Value remains almost unchanged.

Sago Flour. Exceptionally quiet conditions prevailed during the half year reflecting the depression in the Lancashire cotton trade, and prices after declining by about 25 cents per picul in August remained stagnant thereafter. The volume of imports has declined by some 50 per cent compared with 1954 and exports by approximately 30 per cent.

Spices. Prices for Pepper declined steadily to a new low of just over \$130 per picul for Sarawak White Pepper with the differential on Black Pepper gradually narrowing on the decline. Buying support from consumer countries was poor and whereas imports of Black and White Pepper totalled 25,065 tons for 1955 and show an increase of 6,590 tons over 1954, exports have only increased by 2,893 tons. The decline in price was accentuated by the decision of the Indian Government to abolish Export Duty on Malabar Black Pepper. In September the Singapore Pepper Exporters & Packers Association was formed with the object, inter alia, of improving conditions of the Pepper trade in Singapore.

We have seen a better year in Nutmegs and Mace, and after a quiet period prices increased during November and December by almost 100 per cent on the news of heavy crop damage in the West Indies as a result of hurricanes. American buyers who normally purchase from the West Indies turned to Malaya for their supplies. They paid good prices but the wisdom of selling to such a fastidious market is questionable as sellers are now being plagued by exorbitant quality claims. Imports for 1955 show an increase of nearly 100 per cent over 1954 and exports show an increase of approx. 60 per cent.

Copra, Coconut Oil and Copra Cake. Supplies of loose copra from Indonesia still show no sign of improving and there is no doubt that the copra exporters and Coconut Oil Millers could handle considerably larger quantities of loose than they are at present receiving.

Shipments during the period under review declined to 17,588 tons compared with 23,690 tons in the first six months of 1955 and 22,818 tons for the corresponding period of 1954.

Singapore's best customers were Spain (5,056 tons) and Holland (4,975 tons). The predominant feature has been the neglect of this market by buyers for "basic ports" of Europe who are now obtaining the bulk of their requirements direct from the Philippines and a fair quantity from North Borneo. Local traders have been forced to look to "outport" buyers such as Spain and Scandinavia for their main sources of off-take.

The day to day price fluctuations during the past six months were, again, relatively narrow with the trend continuing to lower prices. July opened with quotation at \$27 7/8 per picul f.o.b. and closed at the end of December at \$27 1/2 but the lowest price touched was \$25 1/2 and the highest \$29 1/2.

The proposal to import Philippine copra has raised many difficulties and little progress has been made.

Although local Millers were handicapped by insufficient supplies of loose copra, exports record an increase to 18,136 tons compared with 17,006 tons during the first half of the year. Nevertheless, the figure for the same period 1954—even though the bulking installation was not in operation—was 20,738 tons thus, again, reflecting the inadequacy of supplies.

The United Kingdom/Continent were our best customers (7,400 tons) following by China (6,700 tons), India (2,300 tons) whilst Burma's purchases declined further to only 935 tons. Of the total exports i.e. 18,136 tons, bulk shipment accounted for 7,600 tons compared with 4,647 tons during the preceding half-yearly period thus recording continued and encouraging progress.

Prices have followed fairly closely the copra market trend within the limits of \$42 1/2 to \$45 1/2 per picul for second-hand drums and \$39 3/8 to \$43 for bulk.

Although one or two small parcels have been exported to the United Kingdom, the bulk of the output has been consumed locally.

Jelutong & Guttas. There is little change in import and export figures as compared with the previous half year but the total for 1955 shows that turnover has declined in relation to 1954. As a result of smaller production from sources of supply and continued demand, mostly from U.K. and U.S.A., prices have risen by some 10—15 per cent.

Shells. Arrivals were better than for several years past principally as a result of improved supplies from Indonesian sources and the total quantity imported exceeded that of the first half of the year by some 30 per cent.

Likewise exports reflect a similar increase and for the first time since 1951, the half year's total exceeded 1,000 tons and reflects a 20 per cent increase over the previous six months. The main markets in their order of importance were Hongkong, Italy, Japan who between them absorbed over 70 per cent of the total quantity shipped. The various qualities were generally eagerly sought after, particularly by buyers in Europe whose main interest continues to centre upon the higher quality material. The period saw a reversal of the trend developed in the earlier half of the year as prices gradually appreciated and at the end of December were, in some cases, as much as 20 per cent above those ruling in July.

Rattans. Supplies reflect an improvement being 35 per cent above the corresponding period of 1954 and some 25 per cent above the first half of the year, principally as a result of increased arrivals from Indonesian sources. Imports from British North Borneo and Sarawak continue to represent only some 6 per cent of the total.

Likewise exports improved and exceeded the first half of the year by some 8 per cent. The principal market was still U.K. closely followed by Pakistan, Germany, India and France. A noticeable feature is the lengthening in the list of countries interested in Rattans of this origin particularly in S. America. The U.S.A. continues to buy small quantities of the highest quality material.

Values generally ruled steady throughout the period and only minor fluctuations occurred.

Gums. Supplies reflect a moderate seasonal decline and in total were some 10 per cent below those of the previous period. Particularly noticeable are the lower imports from British North Borneo and Sarawak which individually contributed only 32 per cent of the total as compared with 44 per cent in the first six months of the year.

Likewise a similar state of affairs is reflected in the export figures which were some 12 per cent below the first six months. The principal markets in order of importance were India, U.S.A., Canada, U.K. and the Continent. Apart from Damar Batu descriptions which traditionally command the greatest interest, high grade Damars were also eagerly sought after and as the six months progressed, values particularly of the latter intended to increase. This is exemplified by the quotation for Damar No. 1 which at \$157/- at the end of December was some 10 per cent above that ruling at the beginning of July.

The increased interest reported recently in Copals subsided and supplies fell off by some 30 per cent as compared with the first six months of the year. Exports likewise declined and a downward tendency in values was still evident.

Timber. 1955 saw some new and interesting developments in the export of timber.

First, the exports of graded timber from Singapore to Australia exceeded exports to the United Kingdom by about 1,400 loads (of 50 cu. ft. each) and this is the first time that this has occurred. This appears to indicate the growing confidence shown by Australian Buyers in graded timber from Singapore, despite increased production costs as a result of higher wages which Sawmills have had to meet as a result of the strike by their workers in 1955. The U.K. market has not been so ready to accept the dearer Singapore Timber whilst Federation sources are more competitive and European Softwoods are readily available.

The overall Pan-Malayan exports to U.K. and Australia are almost equal to about 22,000 loads each which is not very different to figures for recent years. It does indicate however that U.K. Buyers appear to be obtaining more of their supplies from Federation sources for the reason suggested (competitive prices).

The second significant point is the export from Singapore of over 2,000 loads of graded timber to the U.S.A. In 1954 some 17 loads were exported. It seems that the almost unknown Malayan Timbers are creating an impression in this new and valuable market and it is to be hoped that exports to the U.S.A. will increase steadily.

New Zealand provides the third interesting point. For yet another year exports to this market have been doubled. The 1954 exports were just about double those for 1953 and it is pleasing to note that in 1955 it has been possible to double the 1954 figures, to just over 5,000 loads.

The fourth point is that the number of countries buying graded timber from Singapore is increasing. In 1954 some 24 countries featured in the export figures but in 1955 there were 34 countries, the most significant newcomer being the U.S.A.

It is not a particularly displeasing picture in view of increased competition from other timber producing areas and increasing production costs in Singapore.

It must be stressed that the foregoing remarks are based on figures for timber sawn, graded and shipped from Singapore. These figures do not include ungraded timber export (which remain substantially unchanged from 1954) or timber sawn and graded in the Federation but shipped from Singapore.

Pineapples. Production expanded slightly in the period from 562,064 standard (48 lb.) cases in the second half 1954 to 599,573 standard cases in this period.

Exports reflected these increases as follows:

	Tons Net Can Contents	Gross Value	Av. Value Per Ton.
2nd Half 1954	10,238.95	\$11,864,140	\$1,158.73
2nd " 1955	12,848.26	\$13,335,322	\$1,037.96
Total 1954	19,962.87	\$25,272,706	\$1,266.61
" 1955	25,070.34	\$29,107,644	\$1,161.04

However, Malaya still has a long way to go before it can compare with the pre-war average output of 66,000 net can tons during the years 1934 to 1938. The drop in export values during the second half of 1955 was caused by a clearing of substandard grade stocks to the Middle East and Germany and the packing of a greater quantity of the more economical slices.

The 1951 Pineapple Industry Ordinance has now taken full effect and the Industry has reached the stability which the Ordinance is intended to provide. As a result, prices remained stable throughout the year, being maintained by a central selling agency to whom all canners sold their pack. Exporters purchased the pack from this agency, although a considerable proportion was bought back by canners for direct export to their overseas agents—thus somewhat curtailing the supplies available to established exporters. This seemed to be indicative of a re-organization by the trade into more fixed channels but, although this may eliminate some of the speculative element, care has to be taken that the channels chosen are the best available. To choose otherwise will have serious effects when the sellers market disappears with increased production.

The Industry and the Government are considering draft legislation which would provide for a Board to administer the present legislation ensuring a greater say by the Industry in its own affairs and permitting stricter regulation of production and marketing to prevent malpractices.

Canned Juice. The two canneries which have juice plants increased the quantity of their production, which reflected in exports as follows:—

	Tons Net Can Contents	Gross Value	Av. Value Per Ton.
2nd Half 1954	301.12	\$147,386	\$489.65
2nd " 1955	430.84	\$174,101	\$404.10
Total 1954	375.00	\$379,833	\$509.84
" 1955	1,096.72	\$436,494	\$398.00

Prices fetched were not particularly good but since juice is produced from parts of the fruit which are uneconomical to use in canning, yet certain some of the best fruit it provides an addition to the income of the of the cannery. Production should increase considerably over the next few years as new markets are entered and the material which is at present discarded, except in these two canneries, is retrieved.

OUTLOOK FOR INVESTMENT IN MALAYA

The need for some industrialisation in Malaya has been obvious for years. The Federation has a population of 6,000,000, largely engaged in agriculture. The standard of living, however, is high because the rubber and tin industries pay good wages and contribute considerable sums through taxation to the Federal Treasury. But these two industries, by the very fact that they maintain the revenue to such an extent, are a danger. If the price of rubber or tin falls substantially the effect is felt throughout the country. Prices fall, unemployment becomes a real fear, and the Government is forced to cut back its expenditure. There is no elasticity in the economy, no other industries that could take up the slack if the prices of these two materials slide.

Agriculture is one field that is being explored and which, if developed, would make the Federation less dependent on outside help. But it is unlikely to provide the high standard of living which Malaysians expect and which they hope will

be improved. Industries are needed. There is scope for development because Malaysians have probably the highest consumption of consumer goods per head of population of any people in South East Asia. There is also considerable technical skill in the country itself, good communications with other parts of the world and an excellent internal distribution system. But at present all consumer goods are imported.

A start has been made in setting up new industries. There is already a large soap factory operating in the Federation, a cement works and various canneries. The pineapple industry which grows, cans and sells overseas Malayan sliced pineapples, is an example of what can be done. There still remains a huge field waiting to be explored, from cigarette manufacture to motor car tyres.

A new portfolio has been created in the Alliance Government, Minister for Commerce and Industry, which is held by Dr. Ismail bin Datoh Abdul Rahman, one of the

PHILIPPINE ECONOMIC DEVELOPMENTS

The Monetary Board of the Central Bank sells now forward exchange to reassure foreign exporters of capital goods to the Philippines and foreign institutions extending long-term credits to the Philippines. Transactions covered by forward exchange contracts (which in effect are guarantees that dollars at the current 2-to-1 exchange rate will be available to pay credits when they fall due) include: 1. Dollar commitments for industrial machinery and equipment, the importation of which has been previously approved by the Monetary Board; 2. Industrial machinery and equipment for projects approved by the Industrial Development Center and recommended by the National Economic Council and the financing of which has been approved by the Monetary Board; 3. Industrial machinery and equipment, the importation of which has been or will be financed with Export-Import Bank credits; and 4. Outstanding loans and/or credits which have been

granted, or may be granted, by U.S. banks to local banks under existing arrangements approved by the Monetary Board.

The National Economic Council has revised regulations governing the "no-dollar" import law. The new regulations permit local producers of "minor exports" and those whose other products never reach a total value of P1,000,000 annually to export their goods under provisions of the no-dollar law. The revision allows even producers of major exports, the value of which does exceed P1,000,000 annually, to barter "not more than 10% of their export shipments." In this category are the large producers of sugar, copra, coconuts, abaca, lumber and various other items. The revision also allows barter of products the supply of which is in excess of U.S. quotas set up under the Laurel-Langley agreement. Such products would include cigars, coconut oil, sugar, abaca, pearl buttons and one or two other products. However, the supply of most of these has not even reached U.S. quota requirements, and the export of sugar is controlled by other international agreements. The revised regulations include some restrictive provisions: 1. Of imports to be brought in through barter, 50% shall be in goods and commodities required by the National Marketing Corp. for price stabilization and for producer's requirements beyond the normal dollar allocations for such producers. 2. 50% can be used for essential or non-essential goods as listed by Namarco for which dollar allocations have been or shall be reduced. 3. Bartered imports coming within the mentioned requirements shall be channeled to Namarco which will pay the importer a reasonable markup.

ablest Malays in the Alliance Government, who enhanced his reputation as Minister for Natural Resources. An Industrial Development Officer has also been appointed. One of his first tasks has been to investigate the possibilities of canning Malaya's fruit, which has never been sold overseas in quantity but which has been a considerable tourist attraction. Fish canning might also be a sound investment. Another profitable field is the revival of the Federation's batik sarong industry which has been hard hit by Japanese competition and needs organisation and marketing facilities.

Considerable interest was shown in the Federation as a possible investment centre. One of Hongkong's industrialists, Mr. U Tat Chee, during talks with the Alliance Government stressed what industrialists would need if they were to be attracted to the Federation. He stipulated co-operation on entry visas so that technicians could be brought in to set up and run a new factory until local labour could be trained. Help with foreign exchange would be needed for the purchase of machinery and raw materials and businessmen contemplating investment would like a guarantee that for the first three years their new businesses would be free of income tax. He also asked that the new industries should have the right to export their profits. Many of these points were answered by the Assistant Minister for Economic Affairs, Inche Khir Johari. He said that the Government was planning a new deal for industrialists which they hoped would attract investment capital. One feature would be to alter companies' taxation so that new industrial undertakings would be exempted from taxation for the first years of operation. He said, "We hope to boost the flow of new capital into the country by providing investors with a direct form of encouragement. We are planning several amendments to the taxation laws." He indicated that they were looking to Hongkong, Japan, Britain, and America for people who would be interested in the Federation. They intended to give all possible encouragement to new investors and the repatriation of capital would be guaranteed. Touching on a point that has worried many considering investment in Malaya he said, "We have no plans at the moment for compulsory Malayisation (the taking over of posts held by other nationalities by Malaysians). Some of the bigger firms are already following a policy of promoting qualified local men to their top posts. It is purely voluntary and the Government supports it. But we are not considering legislation compelling general Malayisation in commerce and industry for one of the difficulties in the way is the shortage of training men."

The Alliance Government however is working at a disadvantage which may make the country (still four-fifths jungle) not attractive to overseas firms—lack of political stability.

The reparations agreement between Japan and the Phil. provides for \$550,000,000 in actual reparations, largely in the form of capital goods and services over the next twenty years. \$20,000,000 worth of consumer goods will be sent to the Philippines immediately and will be sold by the Philippine government for the benefit of war widows and orphans. Japanese private banks and commercial firms will grant Philippine industries loans in the form of capital goods and services to the value of \$250,000,000. Very few Philippine officials are satisfied about the agreement but most take the view that it is better to take \$550,000,000 now than stall for an indefinite period and maybe wind up with nothing.

The Roces-Salvador bill, allocating to native-born Filipino and to American traders 90% of all foreign exchange available for imports, was passed by the lower house. The bill gives Filipino importers (with whom are grouped Americans under the parity clause of the Constitution) 90% of all import dollars, with the rest going to foreigners other than Americans. It limits the term Filipino to native-born citizens. A great many Filipino importers are naturalized citizens, mostly of Chinese descent. Based on imports for the first half of 1955, the bill would boost the participation of Filipinos in the use of foreign exchange for imports by 16%. The 1955 figures show that Filipinos were allocated \$73,721,074, or 50.15% of the total, foreign exchange given to importers. For the same period, American traders were allocated \$35,175,622 or 23.92%; the Chinese \$23,175,364, or 15.76%; the English \$1,337,645, or 7.68%; and the rest to all other foreigners.

Capital investments in the Philippines during March rose to a total of P46,295,512, as compared with P15,472,127 the previous month. Capital in March was put up by 619 new enterprises, as against the 418 making new investments in February.

The villagers and small farmers of the Philippines will receive the largest benefits from the \$29,100,000 in U.S. aid which the United States is providing during the 1956 fiscal year. Projects to be financed by the funds include an expanded rural development program, rural road construction, rural health units, water supply, and help to expand small and medium sized industries. Most of the U.S. assistance is in support of Pres. Magsaysay's comprehensive economic development program, for which the Philippines has budgeted \$79,500,000 of its own funds this fiscal year. The main emphasis, however, of joint U.S.-Philippine efforts will be to improve the living conditions and earning capacity of the rural population, who make up 70% of the total population of 22,000,000.

Philippine Tobacco Flue-Curing and Redrying Corp. inaugurated extensive new facilities at Quezon City, including 2½ acres aging warehouse, a new air-conditioned administration building, and new receiving warehouses. These additions are the latest units in the firm's multi-million peso expansion program begun last year. Since Philippine tobacco production this year, which is estimated at from 40,000,000 to 50,000,000 pounds, will exceed Philippine domestic needs estimated at 30,000,000 pounds, the Secretary of Finance has granted permission for Philippine Tobacco Flue-Curing and Redrying Corp. to export 30,000 pounds to Europe during the next six months. Only the choicest grades will be sent abroad.

A cotton-growing project will be started in the Cagayan Valley this year. Harry Stonehill, president of Philippine Tobacco Flue-Curing, will head a new corporation capitalized at P5,000,000 to lease 10,000 hectares of private and government land for cotton production. The production goal of the new venture will be 100,000,000 pounds of raw cotton annually. The project is designed to give employment to some 40,000 men and women. Analysis of the local variety of cotton indicates that it has length, tensile strength and other qualities which make it comparable to Egyptian cotton.

Judge John W. Haussermann, president and general manager of Benguet Consolidated and Balatoc Mining companies, revealed that earnings from both companies in 1955 showed a decided improvement over those for the previous year. Benguet showed a net profit after reserves of \$2,087,147, as against \$1,159,335 in 1954. Balatoc showed a net income of \$376,674 in 1955, as against a loss of \$131,193 the previous year.

Jan Marsman, well known Philippine mining executive and businessman, died of a heart ailment May 5. He was 64. Mr. Marsman, a Hollander, first came to the Philippines in 1919 and became a Filipino citizen in 1934. He came

into the limelight before the war for his efforts in developing the mining industry here. At one time the company which he headed, Marsman & Co., managed and operated five gold mines, including Itogon, San Mauricio, Coco Grove, United Paracale and Suyoc Consolidated. After the war he put four of them back into production. Seeking to expand into other fields, his company organized and put into operation Palawan Quicksilver Mines and Palawan Consolidated, the latter of which will begin producing chrome as well as mercury. Marsman & Co. is also extensively engaged in trading operations.

Trading in Atlas Consolidated Mining and Development Corp. shares began on the American Stock Exchange. Atlas Consolidated is the first Philippine mining stock ever to be offered on the American Stock Exchange and the third Philippine issue of any kind to be listed there. Philippine Long Distance Telephone and San Carlos Milling are the others. The Atlas mine at Toledo has more than 67,000,000 tons of proved and probable ore reserves, which lie close to the surface and therefore can be worked by economical open-methods. At present Atlas is milling 6,000 tons of copper ore a day, the ore averaging around 1.00% copper, and turning out around 5,000 tons a month of concentrates averaging up to 25% pure copper. For its first nine months of operation in 1955, Atlas reported a net profit of \$1,640,062, or \$1.22 per "Block" share of 100 shares (the form in which the stock is offered on the American Stock Exchange). This profit was realized on total sales of \$4,878,803. The net profit for 1955, added to a balance of earned surplus of \$149,226 carried forward from 1954, brought the earned surplus as of Dec. 31, 1955, to a total of \$1,789,288. April production was 159,820 tons of ore milled averaging .83% copper, from which were produced 4,664 dry short tons of copper concentrates averaging 21.40% copper and .13 ounce of gold per ton. The concentrate production was estimated to contain 1,996,414 pounds of copper and 606.3 ounces of gold.

Lepanto Consolidated Mining Co. during April produced 4,120 tons of concentrates estimated to contain 1,918,060 pounds of copper and 3,488.0 ounces of gold. The concentrates averaged .23.28% copper and .847 ounce of gold per dry short ton. Ore treated during the month amounted to 37,046 tons, averaging 2.76% copper and 0.116 ounce of gold per ton. Samar Mining Co. completed installation of more than P5,000,000 worth of additional new machinery in its various properties, a considerable part of which went into a new mill and equipment for the Masara mine in Davao. Geologists have found two new veins in the Masara mine carrying gold and silver and 2% copper. A network of new roads is being built to service the mine.

VANISHED CHINA

A book by W. H. Evans Thomas, C.B.E. (Distributors: Thorsons Publishers Ltd., London, 15/-)

This is a plain unvarnished but interestingly written narrative of the experiences of a British banker in China from 1911 to the end of 1946. These thirty-five years were a fateful period in the history of China. They witnessed the birth of the Republic, the last throes of the old Empire and of Yuan-Shih-K'ai and the "young Emperor P'u I", the warring era of the Tutchuns and Tupans, and the rise of China under Chang Kai Shek to its triumph after the second world war.

The author gives us a factual accord "without any humbug" as he states in his preface and without indulging

in any attempt at historical writing beyond relating what he himself witnessed particularly from his vantage point as a banker who saw a good deal of what was happening.

The early chapters give an interesting view of Tientsin and Peking in the early days of the Republic when its glory had not yet dimmed, and life in the Legation Quarter of Peking still breathed the idyllic atmosphere so fascinatingly described by Daniele Vare and Ann Bridge. Mr. Evans Thomas' account may be less Olympian and more detached but it is interesting in its reference to episodes and to personalities which are nostalgic to those who knew North

China in those days and give to others an interesting glimpse of days which are gone.

In 1931 and 1932 during the hostilities between China and Japan following the Manchurian incident the author was brought into more direct contact with realities as manager of his bank first in Shanghai and then in Hongkong. It is well to bear testimony to his accurate narrative of facts that his account of the Shanghai incident of January 28, 1932 is more in accord with the facts than that contained in the Ciano Report made to the League of Nations—a report which was later corrected in a supplement that was never published.

Perhaps the most interesting part of the book is the description of life in Chungking, China's war-time capital. Mr. Evans Thomas had retired from banking and was appointed early in 1943 as Alternative British Member of the Stabilization Board of China and Financial Adviser to H.B.M. Embassy at Chungking. He had a final spell in Chungking and Shanghai after the war as a "temporary diplomat". His account of the conditions of life in war-time Chungking, the primitive living arrangements, the international intrigues and hopeless corruption is arresting. One thing is clear throughout the book—Mr. Evans Thomas does not hesitate to be critical and he is not afraid to tell truths which may sometimes not be welcome. Without interrupting his narrative he gives a most valuable account of the currency war in Tientsin which led to the issue by the puppet government under the Japanese regime in North China in 1937 of Federated Reserve Bank notes.

Another valuable chapter contained in an appendix is a factual account of the break up and failure of the international cooperation between England and America to maintain the exchange value of the Chinese currency from 1941

to 1944. Two agreements had been signed in April, 1941, one between the U.S. Treasury and China and one between the British Treasury and China, and a Stabilization Board was set up with a Chinese Chairman, two Chinese members and an American member nominated by the U.S. Treasury, and a British member (who from June 1943 was Mr. Evans Thomas). While the author expressed the highest regard for the Chinese Chairman (Mr. K. P. Chen to whom the book is dedicated) and for the Chinese members of the Board, he is vigorous in his criticisms of its inefficiency, the difficulties put in its way by complications and corruption in Chinese government circles and the hostility of the Chinese Secretary who is now a financial personality in communist China. Mr. Evans Thomas might have gone further as he knew all the facts as the representative of the British Treasury. He might have told how the British banks having been urged by the Treasury to assist the Board and having advanced considerable sums of foreign currency on the authority of the Board have never been able to recover a penny; how the Board when it came to a lingering death in 1944 handed over £375,000 (an inadequate sum) to the Central Bank of China to meet the claims of the British banks, how the Central Bank put the money in its till, and the Chinese government did nothing during the years it stayed in power to consider the claims, and how the British Treasury absolved itself of all responsibility on the ground that the Board, on which Mr. Evans Thomas sat as its representative, was an instrument of the Chinese Government.

Mr. Evans Thomas could undoubtedly have indulged in more home truths but they might have upset the balance of a book which is intended to be and is a narrative of personal experience in what are now often referred to as the good old days in China.

BOOKS ON CHINA

Yuan-li Wu: An Economic Survey of Communist China. Richard L. Walker: *China under Communism: The First Five Years.* Michael Lindsay: *China and the Cold War: A Study in International Politics.* Ronald Hsia: *Economic Planning in Communist China.* B. N. Ganguli: *Economic Development in New China.*

The above five books listed above are diverse both in the nationality of their writers—an American, an Englishman, two Chinese and an Indian—and in their approach to the subject of Communist China. But one overpowering impression may be derived from all of them, the realization that the new Chinese nation has been goaded by its rulers into a condition of intense effort and extraordinary nervous tension. The purely economic studies of Hsia, Ganguli, and Wu underscore this point less heavily than the other two books, which deal primarily with the political side of China's new order, but even in the former the frenzied accents of the high-pressure drive for heavy industry keep on breaking into the dry prose of economic analysis. The Chinese people are on the march, to the urgent, maddening rhythm of propaganda drums; the question for mankind is where the march is leading. As Walker, who writes about China as an historian, remarks in the introduction to his book, "the cost of the tremendous task of remaking China in the Soviet image has been unbelievable in terms of human and of cultural destruction." Yet we are only at the beginning of the process.

Lindsay's book is perhaps the most interesting of the five because it is the work of a former admirer of the Chinese Communists who still retains a certain sentimental attachment for them, but who has been unable to swallow the grosser manifestations of Peking policy over the last

five years. Son of a former Master of Balliol College, Oxford, and married to a Chinese wife, heir to a tradition of left-wing humanitarian liberalism, Lindsay joined with the Chinese Communists in the guerilla war against Japan; he was a radio operator at Communist headquarters and was personally acquainted with the top leaders. He saw them as heroic champions of a popular national resistance against foreign conquest, and they seem to have played up to his idea of them; he never seems to have had any comprehension of their fundamental aims. Hence he has suffered a series of painful shocks as the outlines of a real Marxist-Leninist regime have gradually emerged in China, and he is at great pains to explain how it is that the Chinese Communists have become what they always were:

The best explanation of Chinese behavior is that the Chinese leaders may be subjectively sincere in wanting peace and Sino-British friendship but that they operate in a state of emotional and mental confusion in which various widespread influences that tend to make human behavior irrational are strengthened by a faith in the Communist dogmatic system.

It would surely be simpler to say that the "emotional and mental confusion" is inherent in the faith and that Communists everywhere show themselves in their actions to be influenced by what they profess to believe. Like so many other Western liberals, Lindsay took the Communists on the basis of their "popular front" tactical slogans instead of inquiring what was involved in the basic principles of their creed. Even now he indulges in curiously naive remarks such as:

I have not been able to obtain direct evidence about the motives behind Chinese Communist policy at this period (1945-46). Chou En-lai refused to answer my questions about it in 1949.

Lindsay's book is nevertheless an important document as the self-revelation of a sincere and earnest mind arriving

at a reaffirmation of Western humanist values after a prolonged flirtation with a faith whose nature he never really understood.

Where Lindsay is concerned with theoretical arguments and propaganda themes, Walker gets down to the day-to-day practice of communism in China, making extensive use of material drawn from the Communists' own press as well as of testimony of persons who have left China. He has produced one of the most readable, balanced and comprehensive surveys of Communist China that has yet appeared. Of particular value are his analyses of "psychological control"—the conditioning of future cadres—and of the technique of "drives" whereby the population is stirred up and directed toward particular ends determined by the party.

The economic sections of Walker's book are closely related to the political chapters, throwing light on the reasons for the sacrifice of everything else to heavy industry—the cardinal feature of the Chinese economic system, as it has long been of the Soviet. The picture given by Walker has thus a coherence and completeness which is lacking in the more expert economic studies of Wu, Hsia and Ganguli. For though such specialized investigations have their value, the separation of economic and political phenomena is itself a feature of a capitalist society and is hardly applicable where production and distribution depend neither on consumers' demand nor on expectations of entrepreneurial profit, but rather on the will of a political body disposing of the full coercive power of an absolute state.

Hsia's work particularly suffers in this respect; for example, he tells us that in China "as in the Soviet Union, economic welfare is not a top-priority short-run objective" and that, because the Communists are concerned "at this stage" with "developing a strong industrial base for independence and national power," they are "forced to maintain low consumption levels." Yet the fundamental question here is why the whole economy is being subordinated as it is to the attainment of "national power," and what the long-term effects will be if the regime continues goading the population to greater efforts with minimal economic rewards by preaching that China is in mortal danger of enslavement by "the imperialists." China could have had an industrialization along quite different lines, with a balanced economic development aided by Western capital, and without the privations which must be inflicted in order that she may "starve herself great" (to reapply a phrase which was used of Russia's First Five-Year Plan).

The "heroic" type of industrialization nevertheless has a very powerful attraction for Asians, as is shown in Ganguli's study. In his comparison of Communist development finance with the methods by which a state at war sustains its struggle at the expense of its people's consumption, he approaches the heart of the matter: Communist governments use the techniques of "war finance" because they consider themselves to be permanently at war, and it is only under the psychological conditions of being at war that such an economic system can be operated. The whole economic policy of Communist China is indeed remarkably similar to that promoted not many years ago by the Japanese army under the title of "a high-degree defense state."

This comparison is borne out by the much more thorough and detailed survey undertaken by Yuan-li Wu, a Chinese economist. In the course of his text Wu remarks:

The theme that national defense is dependent upon industrialization while industrialization must give top priority to defense industries runs through all Communist declarations of policy.

Since China's economic development has started at a pitifully low level, there is little margin for raising the standard of living. Mao's subjects may hope for jam tomorrow, but there is very little jam for them today, and the impatience for improvement which the Communists promoted when they were organizing revolt against the Kuomintang is now branded as counterrevolution.

As Wu points out, such progress in the material conditions of the masses as has taken place must be attributed

mainly to the restoration of peace and order after years of foreign invasion and civil war, with their concomitants of devastation, uprooting of the population, interruption of communications and runaway inflation. This fact is frequently overlooked by travelers sympathetic to the People's Republic, who usually attempt to contrast present conditions with those of the civil war period. If any comparison is to be made of living standards, it should only be with the China of 1937. In any case, satisfactory comparisons are extremely hard to make, for Kuomintang China never reached the stage of being able to carry out adequate statistical surveys on a national scale; though the present government probably has sufficient administrative organization for doing so, its general attitude towards factual truth renders all its figures suspect, and any independent checking of them is excluded by the law which makes disclosure of "vital" economic information a capital offense.

Today the regime's calls for "production-increase and austerity" do not attempt to offer the Chinese people prospects of prosperity in the near future; the Chinese worker is required to console himself for the lack of cheap consumer goods formerly imported from Japan and elsewhere by contemplation of new power stations and steel mills which will enable China to prevail over the "imperialist camp." Such a subordination of the living standards of the people to the increase of national power could, however, have been enforced, as it was in Japan, by a nationalist and militarist regime without fundamental interference with rights of property; what differentiates the Communists' program is the attempt to socialize production simultaneously with the endeavor to build up the armed strength of the state. The two ends are not necessarily in harmony; for example, the recently increased political pressure to eliminate the remaining sectors of private enterprise both in industry and agriculture appears to be in conflict with the government's purely economic aim of maximizing production.

Wu concludes from the evidence available that:

... increasingly ruthless control has tended to generate resistance, stifle initiative, breed inefficiency, and create a ponderous, overdeveloped administrative machinery which at times threatens to break down altogether.

These were phenomena which were characteristic of the Soviet Union's First Five-Year Plan, but despite all the privations and unrest they did not bring about the collapse of Stalin's regime. Communist dictatorship is a system of government which can stand a vast amount of economic failure and discontent. There is nevertheless always the possibility that the strains and stresses of the party's economic policies may produce dangerous cracks in the edifice of the new Chinese state.

* * * * *

Father Francois Dufay: *L'Etoile contre la Croix* (Star Against the Cross). Father Jean Monsterleet: *L'Empire de Mao Tse-tung* (Mao Tse-tung's Empire). Robert Magnenoz: *L'Experience Communiste en Chine* (The Communist Experiment in China).

Ever since the days of World War II, when Mao Tse-tung and his followers were often pictured in the West as simple agrarian reformers, there has been a certain reluctance on the part of many Western observers to recognize the fundamental identity between Chinese and Soviet communism. Mao's early adaptations of Marxist-Leninist theory were viewed as signs of the emergence of an independent, Chinese-type communism less virulent than the Soviet prototype. To such roseate views the record of the first five years of Communist rule in China, as the three French studies reviewed here demonstrate, deals a belated coup de grace.

Father Dufay's *Star Against the Cross* addresses itself to one specific and important aspect of this fundamental identity: the Chinese Communists' war on religion. It is unfortunate, though natural in view of the book's authorship, that it limits itself to exposing the Mao regime's attempts to undermine Christianity, especially Catholicism, in China.

Christianity, as an alien faith, has unquestionably suffered most under the Chinese Communist campaign of religious repression; but it is important to know that Chinese Buddhists and Taoists, who outnumber the Christians many times over, have suffered, too. Communism proposes to stamp out all religion as the "opiate of the people."

Nevertheless, the book is a valuable contribution to more detailed Western knowledge of the systematic manner in which the Chinese Communists are seeking to wipe out the influence of Christianity in China. Father Dufay, a missionary in China until the Communists expelled him in 1951, has based his book on the experience and observations of 150 Catholic missionaries, mostly French, some of whom were not released or expelled from China until 1954. The book is therefore both authentic and relatively up-to-date.

The insidiousness of the Chinese Communist offensive against Christianity emerges clearly in the Dufay account. Direct attack was avoided in favor of a subtler indirect approach. Two essential elements were the appeal to nationalism in order to isolate Chinese Christians from Western influence, and exploitation of Christian concepts of good citizenship and community service in order to bring the Chinese adherents of the faith "upon secular ground where intervention by the government is justified."

The main instrumentality for achieving the Communist purposes was the "Patriotic Movement." In all Christian communities "patriotic study groups" were set up under the leadership of "progressive" (fellow-travelling) clergymen and actually directed by Communist political agents. Group meetings were held two or three times a week, at which discussion was focused sooner or later upon the alleged role of Christianity as a secret weapon of Western imperialist aggression against China. At first, "they insinuate, soon they suggest openly, then they affirm, and finally they accuse. . . ." And once this insidious idea took hold in the mind of the Chinese Christian, his resistance to the Communist line was hopelessly compromised. To quote Father Dufay, the Christian found himself.

... no longer free to refuse his support for "purification" of the Church. For the Christian who draws back is condemned by his own statements. On the one hand, he admits that the Church is rotten and harmful to China by reason of its infection with the virus of imperialism; on the other, he refuses to reform it. Hence he confesses that he himself is imperialistic and unpatriotic.

Thus, in a step-by-step process, many Chinese Christians were led to accept a Communist-conceived reformation of the Church!

... the patriotic study group changed into a committee on religious reform, then into a Church-directing "Soviet." By an imperceptible transition, the Church passed into the hands of Communist agents.

There were many courageous Christians, however, who refused to lend themselves to the Communist game. Theirs has been the fate of martyrdom, for against those whom it could not suborn and win over peacefully the Mao regime did not hesitate to resort to violence and persecution in its cruellest forms.

In Mao Tse-Tung's Empire, Father Monsterleet, another Catholic missionary and professor at the former Jesuit College of Chinku in Tientsin, attempts to cover much broader ground. Each of his chapters is a careful study of a particular segment of the Chinese Communist program—agrarian reform, education, industrialization, and commerce, to mention only a few. He demonstrates, by relating numerous specific examples, the "sadistic, debasing nature" of the methods employed by the regime in enforcing its will, the attempt to destroy the traditional concept of family, and the Communists' "utter contempt for the dignity of the individual."

In his final chapter, Father Monsterleet draws up an interesting balance sheet of the successes and failures of the Mao regime as he assesses them. On the credit side, he acknowledges that feudalism in China has been ended and real unity and cohesion achieved "for the first time in a hundred years." Military and diplomatic successes have

been scored; the army—modernized, disciplined and privileged—has become a source of national pride. The author adds that "semi-colonialism is dead; the Chinese make the laws in China"—a statement that would seem to give Mao's regime credit for something that was already a fait accompli before the Communists came to power.

On the debit side, Father Monsterleet sees a number of cracks in the Chinese monolith—"passive resistance of the peasants to collectivization, brigandage in certain areas, local revolts in the South. . . ." He adds:

The pace set for the Five-Year Plan has proved too fast, the plans too grandiose. The small volume of trade with the West is delaying the industrialization of the country. . . .

Nor is the inner strength of the Chinese Communist Party itself all that the rapid increase in membership would seem to indicate. This expansion, says Father Monsterleet, has brought in many opportunists who only pretend belief in the party myths, and there is some disillusionment in the party ranks. The resultant apathy and deterioration of party discipline are weakening the regime's hold on the masses, especially in the countryside.

Of the three works under review, Robert Magneno's *The Communist Experiment in China* is by far the most ambitious in scope. In Part I (From Confucius to the New Democracy) the author traces the historical development of the Chinese CP from its origins to its accession to power with the establishment of the Chinese People's Republic in 1949. Part II (The Chinese CP and the Exercise of Power) reviews and assesses the first five years of Communist domestic rule; and Part III (The Chinese CP and Its International Responsibilities) surveys the Mao regime's action and policies in the external sphere.

The author, who conceals his identity behind a pseudonym, is a career diplomat with a broad knowledge of China and the Chinese, based on twenty years of on-the-spot observation. In the light of this background, it is not surprising that his critical analysis of Chinese Communist diplomacy is the best and most original part of the book. The first two sections, by attempting to cover too much ground in too little space, inevitably suffer from occasional superficiality and over-generalization.

Like Fathers Dufay and Monsterleet, Magneno lays heavy emphasis on the ruthless methods of repression which have characterized the Mao regime's exercise of ruling power. He cites figures from the Chinese Communist press acknowledging the execution of 28,000 persons in Kwangtung Province alone between October 1950 and August 1951. Describing the terrifying psychological results of this repression, Magneno writes:

Informers have given free rein to their imaginations; the masochism of public confessions has blossomed forth in all its needless and demoralizing baseness. The Chinese Communist Party has sown hatred and dissension among families. Propaganda has caused children to turn against their parents, workers against employers, thus activating the class struggle which is one of the purposes of the Communist revolution.

With regard to the peasants, who mark up the bulk of the Chinese population, the author points out how the initial lure of land reform proved to be only the prelude to collectivization, which virtually confiscated the land the peasant had so recently received. Because of Mao's decision that agriculture must provide the bulk of the capital for building an industrialized socialist state, the peasant finds himself still subjected "to continual toil without hope of relief."

In the field of Communist China's external relations, Magneno devotes special attention to the ties with Moscow, adducing detailed evidence to refute the thesis of some observers that Mao acts independently of the Kremlin. The author also takes emphatic issue with the corollary view that Mao's success in China has set up a rival center of Communist leadership, which vies with Moscow for the allegiance of the other Communist parties of Asia. He writes:

The results of Sino-Soviet cooperation have certainly had a profound effect on the orientation of the Asiatic Communist parties; all their leaders have turned toward the capital of world communism, upon which they now rely for the realization of their own ambitions.

GARUDA INDONESIAN AIRWAYS IN 1955

Garuda Indonesian Airways Ltd. was founded in 1950 and its nationalization was effected in 1954. 1955 has not been an easy year. After the nationalization (July 12th, 1954) the management of the firm passed from KLM (Royal Dutch Airlines) into the hands of Indonesian management, which has faced a great many problems and difficulties ever since. Owing to the close cooperation between the management and the entire personnel these difficulties could be overcome, and the results achieved during 1955 may be called very satisfactory. The management devote their energy to the progress of both Garuda Indonesian Airways and civil aviation in Indonesia.

Production in 1955 was 14.2% higher than the previous year, rising from 33.0 million tkm in 1954 to 37.7 million tkm in 1955. Sales rose from 22.9 million tkm in 1954 to 28.5 million tkm in 1955, which means a 24.5% increase over the previous year. These are the largest traffic sales ever reached by the Company since its foundation. The loadfactor of the scheduled services during the year 1955 was 74.2% and of all commercial flights 75.6%. These are the highest figures achieved since 1951 and by far above the average of most foreign airlines. Thus, the above-mentioned results made 1955 by far the most prosperous year for GIA (Garuda Indonesian Airways).

The high level of the sales was due to the increased passenger traffic within the Sumatra and Singapore areas, viz. along the lines: Djakarta—Palembang, Djakarta—Medan, Djakarta—Singapore, and Medan—Singapore. The recovery of the rubber prices from their slump, especially during the first six months of 1955, strongly stimulated the passenger-traffic in these areas. There were also expansions in the freight sector, due to the price-differences of various goods in different places.

Turning to Chinese Communist diplomacy vis-a-vis the Western powers, Magnenoz sees it as characteristically blunt and maladroit. To mention just one example, in January 1950, just when the French National Assembly's Committee on Foreign Affairs had pronounced itself in favor of recognizing Mao's government, China abruptly extended recognition to Ho Chi Minh's Communist regime in Indochina, thus destroying any chance of French recognition. Such arbitrary acts, says Magnenoz, spoiled China's chances of establishing relations with some of the Western powers—"relations which perhaps would not have been very cordial but would have been undeniably useful to China."

In his conclusion Magnenoz makes a calm and considered effort to assess the significance of the Communist revolution in China as a phase in the timeless flow of Chinese history. Even if the Communists appear firmly entrenched in political power, he writes, their revolution

... is nonetheless but an episode in the march of the Asiatic continent toward its own emancipation, not—as claimed by a glib propaganda—from occidental tutelage, but from the handicaps which weigh upon the peoples of Asia by reason of their own ancient civilizations.

China has turned to communism because it seemed "the shortest road to becoming a modern state" in the material sense. In so doing, China has closed its eyes to the price it must pay—"the loss of its independence" to Moscow and "a multiplication of the burdens and unhappiness of its people."

The old tyranny of the Kuomintang police state has been replaced by a far more ruthless Communist terror, the violence of which is profoundly disturbing to those who have always looked upon Chinese culture and civilization as one of the riches of humanity. That the Communists have had to resort to terror, however, is a significant confession that they themselves "know their weaknesses and recognize that they are not solidly entrenched."

As a result of the reopening of the Convair-runway at the Palembang airfield April last, traffic to and from Palembang increased considerably. Convair-services to other places in the Sumatra-region were also expanded, while in some instances Dakota-frequencies were replaced by Convair services. On the other hand, the Convair-airfield at Kutaradja (Aceh, North Sumatra) was closed during 1955, so traffic on this particular route was retarded in its development. Within the Java and Borneo region traffic also increased, especially on the routes from Djakarta to Surabaya and Pontianak and from Surabaya to Bandjarmasin.

The Asian-African Conference held in Bandung in April and the International Fair during the months of August—September 1955 in Djakarta provided an extra stimulus to the demand for air traffic. This extra demand was taken care of by special flights. However, as Bandung was closed for Convairs beginning August last, the traffic on the Djakarta-Bandung route showed some decline. Traffic in the Celebés and Lesser Sunda islands remained unchanged.

The following figures illustrate the overall increase during 1955, as compared with 1954.

	1955	1954
Production in mill. tkm.	37.7	33
Sales in mill. tkm.	28.5	22.9
Loadfactor of all commercial flights	75.6%	69.6%
Loadfactor of scheduled services	74.2%	68.2%
Traffic revenue in mill. Rupiahs	231.6	172.6
Average number of employees	3466	3325
Average tkm. prod. per employee	10.900	10.000

Charter flights during 1955, already reaching the 2.1 mill. tkm-figure, became more important. Included in the charters were six flights by Convair 340 from Djakarta to Djeddah (Arabia) for the benefit of pilgrims. There were also frequent charter-flights for both private and government purposes. Various interinsular and international flights were carried out for the President and the Vice-President of Indonesia, among them the President's pilgrimage to Mecca and the trip to Cairo as well as the India-tour of the Vice-President, both by Convair-340.

The table below shows the number of employees by the end of 1955 and 1954.

	1955	1954
Local staff:		
ground personnel	3127	2930
flying personnel	93	83
Sub-total	3220	3013
KLM—assistance group:		
ground personnel	203	216
flying personnel	148	177
Total	351	393
	3571	3406

Against an increase of employees of 4.8%, the output in 1955 was 14.2% higher than in the previous year. This means an increase in labour-output per employee from 10,000 tkm. in 1954 to 10,900 tkm. in 1955.

Major attention was given to the replacement of KLM assistance personnel by Indonesian employees. The number of 393 persons at the end of 1954 was reduced to 351 persons at the end of 1955. Both in 1954 and 1955, full attention was directed to the training of local personnel. The training of higher employees in particular has been increased. Whenever training facilities were not available in Indonesia, selected employees were sent abroad to get the required training.

During 1955 there were no changes in the aircraft fleet. Due to the growing demand for air-transport more Convair-services could be included in the network. Although the Company was handicapped by a shortage of Convair-airports, the utilization of the Convair fleet—

CATHAY PACIFIC AIRWAYS IN 1955

The main event in 1955 for Cathay Pacific Airways was the delivery of their new DC.6, which arrived in Hongkong from Miami on 15th March 1955. This aircraft commenced operating scheduled services as from 3rd April 1955, which initially involved two flights weekly, Hongkong/Bangkok/Singapore and return, and one flight weekly, Hongkong/Saigon/Singapore and return. By early July, this DC.6 was operating three flights weekly, Hongkong/Singapore and return, two via Bangkok, and one via Saigon; also, two flights weekly, Hongkong/Manila and return. In October, an additional non-stop flight, Hongkong/Singapore, was inaugurated, also operated by this aircraft. The time taken for this flight of 5 hrs. 55 mins. is the fastest time for this route by C.P.A., or any other carrier.

Cathay Pacific Airways are now in the satisfactory position of operating the fastest services available by any carrier from Hongkong to Manila, Saigon, Bangkok and Singapore. All these routes can be travelled in the pressurized comfort of DC.6 aircraft, and C.P.A.'s high standard of good service and schedule-keeping is reflected in the considerable increase in the number of passengers who prefer to fly with C.P.A.

In addition to these routes operated by DC.6, Cathay Pacific Airways' Skymaster, "VR-HFF", took over, in April, the operation of the Hongkong/Manila/Labuan route which had been previously operated by DC.3. Furthermore, in November, C.P.A. increased their services to Rangoon and Calcutta to twice weekly, operated by Skymaster aircraft. At the end of 1955, C.P.A. were operating the following services out of Hongkong:—

4	Flights weekly,	Hongkong/Singapore
4	"	"
3	"	"
2	"	"
2	"	"
2	"	"
2	"	"
1	Flight	"

As a result of this considerable improvement in equipment and increase in services, C.P.A. was able to record an increase of 74% in total passenger traffic in 1955, as compared with the previous year. It is interesting to note that, apart from a considerable increase in local travellers, a large portion of this traffic consisted of long-distance international travellers, transferred to C.P.A. by the main International Airline Operators. C.P.A. have a variety of agreements with all the major world carriers which enables a free interchange of passengers between world carriers and C.P.A., and this is a further indication of the major airlines' respect for the standards of service, and schedule keeping, of which C.P.A. are justly proud.

Cathay Pacific Airways were pleased to be the first airline in this area to commence an arrangement between Hongkong and Singapore, whereby passengers can travel in one direction by C.P.A.'s Douglas DC.6, and in the other direction by comfortable Royal Intercocean Lines' passenger ships. This arrangement, at special fares, enables travellers to have the advantage of a short sea voyage, enjoying the service and cuisine of R.I.L.'s passenger ships, combined with a comfortable air trip in C.P.A.'s pressurized DC.6 aircraft. This service is proving very popular in the Far East.

JAPAN AIR LINES

Japan Air Lines began operation in 1951 when the airline started regular domestic service in collaboration with Northwest Airlines. The international service was inaugurated in February 1954, on the Tokyo-Honolulu-San Francisco and Tokyo-Okinawa routes. One year later, Tokyo-Okinawa service was extended to Hongkong. JAL now operates three flights a week on both of its international routes with a fleet of five Douglas DC-6B "Pacific Couriers" and on domestic routes with a fleet of seven DC-4 "Skymasters" flying on the country's trunk lines of Tokyo-Sapporo and Tokyo-Osaka-Fukuoka.

While maintaining its regular service, the airline's ambitious plan of extending its service routes was reflected by two special flights made to South America in preparation for establishing regular air service to Sao Paulo via San Francisco, New Orleans, Caracas, Belem, Rio de Janeiro, JAL also flew chartered planes to Manila, Rangoon and Djakarta, as the national flag carrier was called for to fly

especially that of the Convair-340—reached another high during 1955.

The operating fleet of the GIA at the end of 1955 was as follows:

Type of aircraft	Number
Convair-340	8
Convair-240	8
DC-3	14
De Havilland-Heron	14

Besides the good results in 1955, the ever growing demand for air-transportation indicates that considerable expansions are to be expected during the next years. GIA contributes to the development of Indonesia in a very important way. It is one of the leading carriers in Asia.

Japanese representatives for international meetings such as Asia Olympic Games, World Buddhist Convention and Afro-Asian Diplomatic Conference.

The company's present capital of ¥3.3 billion will be increased to ¥4.3 billion with a government investment of ¥1 billion. This and loans from other sources will enable the airline to purchase the most modern planes. Jet airliners are expected to be placed on service around 1960.

Japan Air Lines has now a total of 101 crew members manning its fleet of planes. Of the total 35 are Americans—16 captains for international service and two more captains for domestic flights, 11 copilots, one navigator and two flight-engineers. The 66 Japanese crew are: 16 captains, 20 copilots, 13 navigators, and 15 flight-engineers plus instructors—all for the airline's domestic flights. Efficiency and dependability of JAL's flight personnel are demonstrated by the safety record established by the airline. Since the inauguration of JAL's international service, the airline's planes flew 3 million revenue miles excluding special and chartered flights with a performance rate of 99.7 per cent. By the end of July 1955, the fleet of DC-6B's carried a total of 20,654 revenue passengers and earned ¥1.8 billion in passenger fares. When mail and freight shipments are included, the sales total during the past 19 months of international service aggregates ¥2 billion.

Japan Air Lines has overseas offices at Hongkong, Okinawa, Honolulu, San Francisco, Los Angeles, Seattle, Chicago, New York. More offices will be established in Washington, D.C. and Bangkok, Rangoon, Calcutta, Karachi, Saigon, Paris and London.

KUALA LUMPUR: NEW INTERNATIONAL AIR CENTRE

By the end of this year, intercontinental air passenger services will be operating from Kuala Lumpur; early next year Britain's 70-ton turbo-prop airliner, the Bristol Britannia, will be using Kuala Lumpur weekly. Other international services, now based in Singapore, are anxious to extend their stops to Malaya's capital. American, Dutch and Indian airlines are conducting talks with a view to arranging inaugural flights. Kuala Lumpur airport is being put on the world map.

For many years now Kuala Lumpur has been one of the busiest airports in South East Asia. All day, aircraft belonging to the Royal Air Force and the Royal Navy are taking off and landing, for Kuala Lumpur airport is a joint Services-Civil airport. From tiny Auster reconnaissance planes out to spot Communist terrorist encampments in the jungle to big four-engined Lincoln bombers, out to blast them, they all race down the runway. However, the aircraft chiefly using this airport are neither bombers nor spotters. They are supply-carrying Valettas with food and ammunition for some patrol deep in the jungle. Then there are the leaflet-dropping RAF Dakotas, some of which are installed with loudspeaker equipment and make broadcasts to terrorists urging them to surrender. Royal Navy and RAF helicopters are also based in Kuala Lumpur because of its central position. These are the "Jack of all Trades" machines used for casualty evacuations taking people to jungle landings and moving heavy equipment from one jungle fort to another. The remarkable Pioneer planes, requiring so small a runway to take off, the troop-carrying Hastings, and the trainers are all to be seen at Kuala Lumpur airport.

The Kuala Lumpur runway has been lengthened by an additional 300 feet, making it now 6,300 feet; and this has been widened to 120 feet. A new terminal building is about

to be opened and \$400,000 has been spent on constructing a new apron. The only passenger liner which may not be able to use Kuala Lumpur is the Stratocruiser. Every other type will have no difficulty. Commercial aircraft flying over Malaya use the new ten-mile wide "air roads" introduced last year and which gives them accurate information of their position. Using radio beacons, the new system has improved the safety of aircraft when flying "on instruments" due to poor visibility. All civil aircraft are now under constant control. I aircraft are now too close together they can be divided either by altitude or by time separation. Aircraft are allowed to cross the corridor but they must only do so after receiving permission from control and providing they observe certain safety precautions.

Kuala Lumpur airport today records an average of 130 planes taking off and landing every day. This is considerably more than is handled at Singapore's new luxury international airport at Paya Lebar. There are many reasons why Malaya's capital should be made an international airport. Its one great advantage is that whether a person lives in north or south Malaya it is equal distance to Kuala Lumpur. In addition the capital's growing importance in the eyes of the world warrants the elevation too. Kuala Lumpur has an estimated population of 400,000 but within easy reach are another 1,000,000 people. In another 15 years' time Kuala Lumpur may have a population of 1,000,000. The airport is easily accessible, two miles from the business centre. A new direct "airport road" is being built. Once the Emergency is over in Malaya and the terrorists defeated, use of Kuala Lumpur airport by RAF and Royal Navy aircraft will drop substantially. Many of the fine buildings built by the British Government for these two sections of the armed forces will be converted for civil purposes.

PRINTING INDUSTRY IN HONGKONG

By Peter Li Ping-Lam

The industry includes a wide range of services and products; commercial printing, newspaper printing, greeting cards production, mounting, book binding, gilding, engraving, lithography, and the manufacture of printer's ink. Unlike many other industries, such as chemical and textile which localize themselves in certain districts in the Colony, printing enterprises are scattered all over Hongkong. The industry here has a history of more than a hundred years; it was established in Macao long before Hongkong became a British Colony. When Hongkong developed gradually, some printers moved from Macao to Hongkong. This industry was introduced by protestant priests from Siam.

The early printing methods were primitive. Letterpress was the common machine. Lithographic press did not appear until some thirty years later, and offset printing was only introduced before the Second World War. The Japanese invasion of China in 1936 gave a boom to the printing industry in Hongkong. This was partly due to the sudden increase in population and partly to the transfer of printing factories from China. The number of factories increased then from 240 to 300. After the war, the print-

ing industry developed and mechanized factories appeared.

Printing paper, newsprint paper, and printer's ink are the essential raw materials, all of which have to be imported. Printing machinery, which includes printing type, printing plate and other accessories, photogravure and similar apparatus, is also imported. There are some factories producing printer's ink in the Colony, but their output is negligible when compared with the volume of imports. The supply of printing materials does not depend on any particular country. The industry has commercial relationships with U.K., U.S., Netherlands, Japan, China, Germany, Denmark, Canada, Austria, Italy, Norway, Sweden, Belgium, Thailand and Switzerland, but the bulk of the trade is with U.K., U.S., Canada, Japan, China and the Netherlands. The supply of printing materials is continuous. Tables 1, 2, 3, and 4 give the value of raw materials and machinery imported from major countries during 1952-1955.

Table 1
IMPORT OF PRINTER'S INK (HK\$)

Countries	1952	1953	1954	1955
U.K.	891,789	436,103	413,760	327,785
U.S.	133,821	226,413	334,074	492,560
Netherlands	287,796	231,223	199,431	231,285
Japan	162,602	1,143,066	166,154	145,920
Denmark	10,726	10,550	12,204	56,707

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(Editor's Note).

Table 2

IMPORT OF NEWSPRINT PAPER (HK\$)

Countries	1952	1953	1954	1955
Canada	1,769,785	275,900	4,456,341	3,108,527
U.S.	—	—	2,533,192	9,432,730
China	—	—	1,413,800	10,147,677
Austria	—	3,834,363	1,010,839	3,246,483
Finland	—	1,050,732	840,054	2,134,917
Sweden	1,856,805	1,216,224	303,616	62,899

Table 3

IMPORT OF PRINTING PAPER (HK\$)

Countries	1952	1953	1954	1955
U.K.	4,007,746	2,485,776	1,419,388	1,955,321
Japan	230,959	258,669	8,157,449	12,509,432
Austria	—	3,637,343	2,834,416	5,909,771
Sweden	2,861,139	2,570,540	887,930	3,118,252
Norway	2,348,370	739,323	826,879	1,953,587

Table 4

IMPORT OF PRINTING MACHINERY (HK\$)

Countries	1952	1953	1954	1955
U.K.	593,256	974,963	500,740	773,883
Japan	201,643	286,128	373,182	361,241
Germany	254,262	606,648	604,366	318,422
Netherlands	56,696	184,450	251,868	387,668
U.S.	76,507	66,795	105,730	165,892

Workers employed in this industry in 1955 were 6,331, i.e. 5% of total workers in registered factories in 1955, which was 118,568. Table 5 shows the number of factories and workers from 1950-1955.

Table 5

NUMBER OF FACTORIES AND WORKERS EMPLOYED FROM 1950-1955

Year	Number of factories	Number of workers		
		Male	Female	Total
1950	219	5,349	524	5,873
1951	268	5,000	580	5,580
1952	281	5,101	584	5,685
1953	294	5,102	543	5,645
1954	325	5,406	700	6,106
1955	329	5,625	706	6,331

Both male and female workers are employed in the industry but, in some branches, only small numbers of female workers are being employed. Table 6 shows the number of registered factories and work-shops and manual workers employed during 1954-1955.

Table 6

TYPE OF FACTORY AND NUMBER OF WORKERS IN 1955

Type of factory	Number of factories	Number of employees		
		Male	Female	Total
Printing	313	4,520	630	5,150
Newspaper	12	982	26	1,008
Paper dyeing	4	123	50	173
Total	329	5,625	706	6,331

As the industry is mechanized, it needs skilled workers to run the machines. The apprentices, if they can be considered as workers, are the only unskilled workers. In addition to learning his trade, an apprentice has also to do the work of an office boy, but his maximum earning is \$100 a month. In addition, if he is lucky, he may be provided with food and accommodation. As for the ordinary workers, they have low salaries. An average worker earns \$240 a month, but a good printing worker may get \$800 per month. Female workers have lower wages than male workers. A female worker in book binding and packing earns \$201 per month while the maximum salary for a male worker is \$404. Like all other workers in the Colony, they work 8 hours a day but 7 days in a week. Customary Chinese festivals only are being observed as holidays for workers. They get extra pay for overtime work. The rate for continuous overtime is 133%-150%; for Chinese festivals, the overtime rate increases to 150%-200%. A bonus of one month's pay is given at Chinese New Year to each worker continuously employed in the previous 12 months;

the bonus for shorter period of service is pro rata. All the terms are agreed between employers and workers. Table 7 shows the wages of manual workers within the industry.

Table 7

Occupation	Sex	Cash earnings		Food and/or accommodation
		Daily Wage Min.	Monthly Wage Max.	
Apprentices	M	—	59	—
	M	—	75	A ^a
	M	—	9	100 F & A
General Work	M	4.8	4.8	—
	M	—	85	348 F†
	M	—	90	90 A
	M	—	60	150 F
	M	—	60	90 F & A
Type-setting	F	1.6	4.0	—
	F	—	60	190
	F	—	—	—
Engraving	M	5.0	8.0	—
	M	6.3	8.3	—
	M	—	75	436 F
	M	—	100	270 A
	M	—	95	215 F & A
Printing	M	5.5	19.5	—
	M	7.0	13	—
	M	12.5	26	—
	M	—	150	750 F & A
	M	—	50	600 F & A
Cutting and Box making	M	2.5	20.5	—
	M	3.0	10	—
	M	—	85	800 F
	M	—	50	550 F & A
	M	—	—	—
Book-binding and packing	M	2.0	14	—
	M	4.0	7.0	—
	M	—	200	240 F
	M	—	185	250 F
	M	—	60	305 F & A
Foremen	M	6.0	7.0	—
	M	—	70	404 F
	M	—	60	175 F & A
	F	1.6	3.2	—
	F	—	151	201
Mechanics & Maintenance workers	M	—	340	500
	M	—	180	330 A
	M	—	140	294 F & A
	M	15	15	—
	M	—	—	—

† Where food is supplied free to a worker the cost of such food approximates \$60.00-\$75.00 per month.

* Where accommodation is supplied free to a worker the equivalent rent of such accommodation is \$15.00 per month.

The workers seem to be satisfied with the present conditions; labour relations are good. No serious labour disputes and strikes have been heard of since the war. Small as the number of workers is, they form as many as six unions. As all trade unions in Hongkong, these six unions are split into two factions: one supporting the People's Republic and the other the Chinese Nationalist Government, and as is always the case, the left wing unions gain larger support as they concentrate on the provision of welfare benefits not only for the members of the union but for non-members as well. The following is the list of unions with the numbers of members:

Membership	
H.K. Commercial Press Workers' Union	124
H.K. & Kowloon Paper Trade Workers' Union	104
H.K. & Kowloon Lithographic Workers' Union	549
H.K. General Union of Type-Painting Workmen	291
H.K. Chung Wah Book Co., Workers' Industrial Union	270
H.K. & Kowloon Printing Trade Workers' Union	917
Total	4,255

The printing industry has become largely mechanized. This was the result of very keen competition. But me-

HONGKONG STATISTICAL REPORTS

March 1956

Vital Statistics:	March	Total (Jan.-Mar.)
Birth	7,063	23,013
Death	1,634	4,843

Retail Price Indices: (March 1947=100)	March 1956	March 1955
Food (including drink)	117	118
Rent	119	119
Clothing (including footwear)	92	89
Fuel	92	101
Electric Light	59	60
Cleaning	89	90
Education	140	138
Tobacco & Cigarettes	113	113
Doctors & Medicines	105	106
Fares	100	100
Household Equipment	111	114
Hair Dressing	122	122
Newspapers & Stationery	153	153
Shoe Repairs	78	81
Rates	100	100
General Retail Price Index	113	114

Hongkong Clearing House Figures:		
January	February	March
\$1,351,103,531	\$1,253,265,515	\$1,247,055,349

chanized as it is, the local printing industry is, from the technical point of view, twenty years behind the international standards. Therefore, the printers have a long way to go if they want to compete in world markets.

The industry is open to free competition and no firm can enjoy a monopolistic position. As Hongkong is developing into an industrial centre, it is expected that more and more industries will, in one way or another, need products of the printing industry. Present profits are good. This prosperous condition will continue as long as other industries in Hongkong keep on progressing. The printing industry in Hongkong is far from the point of saturation; its prospects should be favorable.

At present there are about 400 printing firms here. The type of enterprise varies from a small domestic factory with a capital of several thousand dollars to mechanized ones with several hundred thousand dollars of capital. The majority are middle size enterprises with capital less than a hundred thousand dollars. The following are the percentages of each type of enterprises. Large scale enterprises: 10%, Middle size enterprises: 75%, Small scale enterprises: 15%. The firms of this industry are run by individual owners, partnerships or private companies. The source of finance comes from individuals. Several large printing works here are owned by European companies and firms dealing with printing paper and printing machinery are almost all in the hands of foreign merchants. The European printing works enjoy high reputation and are usually well supplied with work. Many Chinese printing shops are of the "cot-tage" type.

Banknotes in Circulation:	March
The Hongkong & Shanghai Banking Corporation	\$675,742,000
The Chartered Bank of India, Australia & China	47,104,325
The Mercantile Bank of India, Ltd.	4,462,200
Total	\$727,308,525

Production of Electricity and Gas:	March	Total (Jan.-Mar.)
Electricity (kw. hrs.)	50,414,007	151,992,345
Gas (cubic feet)	52,321,900	165,090,500

Food Supply:	March	Total (Jan.-Mar.)
Animals Slaughtered (heads)	75,623	229,921
Fish Marketed (tons)	3,786	9,700
Vegetables Marketed (tons)	8,738	24,883

Registration of Factories:	March	Total (Jan.-Mar.)
Applications Received	41	144
Cancelled and (Refused)	7	43 (7)
Certificates Issued	35	120

Hongkong Building Construction in March:

City of Victoria—	Number	Cost in HK\$	
		Building	Site Work
Factories and Godowns	1	2,900	—
Offices and Shops	1	373,449	—
Houses and Flats	27	1,279,013	15,815
Other (including mixed accommodation) ..	1	5,044	—
Island outside Victoria—			
Factories and Godowns	3	63,500	—
Houses and Flats	30	1,626,521	152,193
Kowloon and New Kowloon—			
Factories and Godowns	8	169,151	3,942
Offices and Shops	1	185,075	—
Houses and Flats	374	6,914,850	152,799
Other (including mixed accommodation) ..	1	560,622	121,221
Total (March, 1956) ..	447	11,180,125	445,970

Production of Cement:	March	Total (Jan.-Mar.)
Cement (metric tons)	11,932	33,961

Mining Production:	Jan.	Feb.	Mar.
Clay (tons)	643	637	539
Iron Ore (tons)	10,000	9,000	20,000
Wolfram Ore (lbs)	1,024	2,752	1,998
Lead Ore (tons)	9	5	64
Graphite (tons)	234	136	135
Quartz and Feldspar (tons)	270	85	73

Kowloon-Canton Railway

(British Section):

	March	Total (Jan.-Mar.)
Passengers		
Upward	244,200	616,503
Downward	241,183	581,435
Concession Tickets	17,015	47,068

Freight

Upward	1,200,820 kgs	3,035,080 kgs
Downward	18,512,300 kgs	43,617,820 kgs

Vehicular Traffic:

Total number of vehicles and drivers licensed:

Vehicles:	In March	Total on March 31
Trams	—	126
Motor Cycles	38	1,493
Private Cars	302	17,507
Taxis	—	344
Public Hire Cars	7	283
Motor Buses	1	564
Public Lorries	31	1,394
Private Lorries	68	1,842
Government Cars & Lorries	12	838
Rickshaws (Private)	—	24
(Public)	—	853
Public Chairs	—	6
Tricycle (Goods)	3	778
Hand Trucks	—	1
Trailers	—	8

Drivers:

Motor Car Drivers	912	52,016
Rickshaw & Tricycle Drivers	193	3,082
Hand Truck Drivers	—	4

SHIPPING**FOREIGN TRADE CONDUCTED BY JUNKS AND LAUNCHES
UNDER 60 TONS**

	March		Total (Jan.-Mar.)	
	Inward	Outward	Inward	Outward
Tonnage of Cargo: Junks ..	86,581	4,123	242,182	10,635
Tonnage of Cargo: Launches ..	3,243	1,680	11,473	3,723
Total	89,824	5,803	253,655	14,358
Tonnage of Vessels: Junks ..	105,163	105,853	295,750	296,185
Tonnage of Vessels: Launches ..	9,330	8,964	26,075	25,834
Total	114,493	114,817	321,825	322,019

COMMERCIAL CARGO TONNAGES

	March		Total (Jan.-Mar.)	
	Discharged	Loaded	Discharged	Loaded
Ocean-going Vessels (tons) ..	342,460	172,135	897,261	443,707
River Steamers (tons)	1,138	1,607	3,353	4,157
Total (tons)	343,598	173,742	900,614	447,864

AVIATION**Arrivals and Departures of Aircraft,
Passengers and Freight at Kai Tak**

Aircraft:	March	Total (Jan.-Mar.)
Arrivals	312	900
Departures	315	898
Total	627	1,798
Passengers:		
Arrivals	6,688	17,402
Departures	7,355	19,406
Total	14,043	36,808
Freight:		
Imports (kilogrammes)	68,301	174,561
Exports (kilogrammes)	172,703	469,344
Total	241,004	643,905

HONGKONG'S TRADE WITH OTHER COUNTRIES IN EAST ASIA

	Imports			Exports		
	March		Total (Jan.-Mar.)	March		Total (Jan.-Mar.)
	HK\$	% of Total Trade	HK\$	HK\$	% of Total Trade	HK\$
Burma	3,912,879	1.00	10,248,900	1,551,805	.55	3,355,304
Ceylon	201,729	.05	544,988	1,238,570	.44	3,484,751
Vietnam, Cambodia and Laos	3,483,024	.89	14,237,433	14,718,998	5.18	46,638,849
India	6,382,353	1.63	17,485,890	1,942,230	.68	4,493,437
Pakistan	7,985,183	2.04	34,000,499	560,492	.20	1,251,067
Malaya	13,651,534	3.50	42,265,401	31,398,534	11.04	92,604,890
Philippines	1,424,950	.36	4,921,874	3,352,490	1.18	8,742,675
Thailand	13,366,616	3.42	42,012,541	41,059,635	14.44	101,122,816
Indonesia	919,590	.24	6,349,385	66,780,803	23.48	144,291,211
China	86,560,297	22.13	260,005,592	8,892,702	3.13	23,980,626
Taiwan	3,691,427	.94	10,599,973	2,975,274	1.05	10,464,242
South Korea	395,292	.10	2,520,917	5,901,781	2.08	31,484,465
Total Trade of Hongkong	391,163,044	100	1,106,910,031	284,428,650	100	777,425,925

HONGKONG SHIPPING

Ocean and River Steamers over 60 tons net Entering and Clearing the Port in April, 1956

	April				Total (Jan.-Apr.)			
	Entered		Cleared		Entered		Cleared	
	No.	Ton	No.	Ton	No.	Ton	No.	Ton
British	238	568,471	234	563,255	950	1,974,873	940	1,938,490
American	22	123,978	20	107,009	81	455,718	79	438,749
Burmese	—	—	—	—	2	5,690	2	5,690
Cambodian	1	557	1	557	2	1,114	2	1,114
Chinese	13	3,845	16	4,716	49	14,188	49	14,187
Danish	20	61,853	18	56,323	75	243,139	73	237,100
Dutch	22	90,471	21	87,046	74	321,904	72	313,788
Finnish	1	2,778	1	2,778	2	5,309	2	5,309
French	12	34,610	10	30,986	39	133,761	35	127,737
German	7	27,642	7	27,642	17	79,376	17	79,376
Indian	1	3,390	1	3,390	4	12,278	4	12,278
Indonesian	—	—	—	—	1	4,888	—	—
Italian	1	6,585	1	6,585	3	19,756	3	19,756
Japanese	32	98,051	31	94,261	120	367,890	119	364,100
Korean	2	1,870	2	1,870	7	6,490	8	6,532
Liberian	3	6,368	2	4,245	11	23,350	10	21,227
Norwegian	32	81,412	36	87,712	132	353,820	132	351,506
Pakistan	—	—	—	—	1	4,297	2	8,603
Panamanian	13	14,643	11	13,742	46	79,315	42	77,249
Philippine	3	6,195	1	4,324	10	20,586	7	17,970
Portuguese	2	8,292	2	8,292	4	18,507	4	18,507
Ryukyu	1	853	1	853	1	853	1	853
Swedish	7	18,395	7	18,395	30	97,614	30	97,614
Turkish	—	—	—	—	1	2,291	1	2,291
Vietnamese	1	448	1	448	3	2,482	2	896
Yugoslavian	2	3,483	2	3,483	4	6,966	4	6,966
Total	436	1,164,190	426	1,127,912	1,669	4,256,455	1,640	4,167,888

HONGKONG AVIATION

Air Traffic in April, 1956

Points of Call	Departures			Arrivals		
	Passengers	Freight (Kilos)	Mail (Kilos)	Passengers	Freight (Kilos)	Mail (Kilos)
United Kingdom	190	7,144	3,352	57	13,698	6,992
Europe	155	5,588	899	69	6,455	1,091
Middle East	217	3,967	2,124	182	2,382	852
Calcutta	151	3,195	685	187	313	450
Rangoon	117	8,434	449	162	1,684	320
Bangkok	997	11,470	778	1,042	8,434	3,346
Vietnam, Laos, Cambodia	665	33,763	661	563	5,829	552
Singapore	626	16,046	5,442	727	2,285	2,382
Philippine	1,455	9,268	1,898	1,981	3,498	1,026
Australia	187	2,975	440	149	1,490	1,237
United States	275	7,407	2,778	76	3,339	3,012
Honolulu	150	626	75	42	399	77
Canada	186	879	626	54	275	217
Japan	2,141	7,759	16,643	2,017	4,386	3,076
Formosa	518	29,969	1,448	654	5,383	1,066
South Korea	75	4,061	286	67	137	202
Macau	1	6,928	—	1	—	—
Okinawa	113	8,054	101	90	548	—
Total	8,219	167,533	38,685	8,120	60,535	25,898
Direct Transit	905	17,599	—	905	17,599	—

Total Aircraft Departures = 308.

Total Aircraft Arrivals = 306.

RESETTLEMENT IN HONGKONG

POPULATION IN RESETTLEMENT AREAS

Resettlement Areas	Population on 31.3.56			
	Male	Female	Children	Total
Temporary Cottage Areas (one storey cottages and huts)				
Chai Wan (Hongkong)	3,474	3,224	4,481	11,179
Fu Tau Wat (Hongkong)	445	448	528	1,421
Healthy Village (Hongkong)	234	224	189	647
Soo Kun Poo (Hongkong)	708	709	800	2,217
Mount Davis (Hongkong)	563	622	552	1,737
Ngau Tau Kok (Kowloon)	1,928	1,296	1,700	4,924
Chuk Yuen (Kowloon)	2,991	2,335	2,600	7,926
Tung Tau (Kowloon)	1,942	1,948	1,773	5,663
Shek Shan (Kowloon)	174	144	222	540
Homantin & King's Park (Kowloon)	8,043	8,187	10,639	26,869
Tai Hang Sai (Kowloon)	814	811	992	2,617
Lai Chi Kok (Kowloon)	332	445	519	1,296
Tai Woh Ping (Kowloon)	131	134	129	394
Tai Wo Hau (Tsun Wan)	1,289	859	815	2,963
Totals for Cottage Areas	23,068	21,386	25,939	70,393
Emergency Accommodation at Shek Kip Mei (Two and three storey buildings)				
	11,919	11,126	13,702	36,747
Multi-storey Estates (Six and seven storey buildings)				
Shek Kip Mei	6,501	5,682	5,816	17,999
Li Cheng Uk	6,809	5,735	5,327	17,871
Tai Hang Tung	12,634	10,398	9,755	32,787
Totals for Multi-Storey Estates	25,944	21,815	20,898	68,657
Grand Totals	60,931	54,327	60,539	175,797

PREMISES IN RESETTLEMENT AREAS

Resettlement Areas	Domestic and Shop Premises occupied or ready for occupation on 31.3.56			
	Premises occupied on Hire/Purchase or rent agreement (other than Government owned premises)	Premises owned by the occupier	Premises owned by Government and let for rent	Total
Temporary Cottage Areas (one storey cottages and huts)				
Chai Wan (Hongkong)	83	2,004	210	2,297
Fu Tau Wat (Hongkong)	—	217	—	217
Healthy Village (Hongkong)	—	78	—	78
Soo Kun Poo (Hongkong)	180	223	—	403
Mount Davis (Hongkong)	—	331	—	331
Ngau Tau Kok (Kowloon)	10	531	572	1,113
Chuk Yuen (Kowloon)	—	1,643	—	1,643
Tung Tau (Kowloon)	287	837	25	1,149
Shek Shan (Kowloon)	94	8	—	102
Homantin & King's Park (Kowloon)	1,076	3,872	33	4,981
Tai Hang Sai (Kowloon)	457	33	5	495
Lai Chi Kok (Kowloon)	6	239	—	245
Tai Woh Ping (Kowloon)	—	85	—	85
Tai Wo Hau (Tsun Wan)	—	432	—	432
Totals for Cottage Areas	2,193	10,533	845	13,571
Emergency Accommodation at Shek Kip Mei (Two and three storey buildings)				
	—	—	6,079	6,079
Multi-storey Estates (Six and seven storey buildings)				
Shek Kip Mei	—	—	2,958	2,958
Li Cheng Uk	—	—	3,556	3,556
Tai Hang Tung	—	—	6,193	6,193
Totals for Multi-Storey Estates	—	—	12,707	12,707
Grand Totals	2,193	10,533	19,631	32,357

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

For the week of 21st to 26th May, 1956

May	U.S.\$			
	T.T. High	T.T. Low	Notes High	Notes Low
21				
22	\$588	587½	586	585¾
23	587¾	587½	585¾	585¾
24	587¾	587½	585¾	585¾
25	588	587½	585¾	585¾
26	588	587½	586	585¾
D.D. rates: High 586¼ Low 585½.				

Trading totals: T.T. US\$2,360,000; Notes cash \$340,000, forward \$1,280,000; D.D. \$255,000. The market was quiet and fluctuations small. In the T.T. section offers from Korea, Japan, Bangkok and the Philippines were absorbed by gold and general importers. In the Notes market demand from speculators and shippers remained sluggish. Interest favoured sellers and aggregated HK\$2.70 per US\$1,000; positions taken averaged US\$1½ million

per day. In the D.D. section, the market was quiet.

Yen: More Yen notes reached here but demand failed to improve; the forward market was dead. Cash quotations first eased to 1.485 but later recovered to 1.490 per Yen 100,000.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.845—1.84, Japan 0.01485—0.014775, Malaya 1.876, Viet-

nam 0.06756, Thailand 0.2711. Sales: Pesos 270,000, Yen 95 million, Malayan \$270,000, Piastre 8 million, Baht 4 million.

Chinese Exchange: People's Bank notes remained at HK\$1.60 per Yuan; trading was sluggish. Taiwan Dollar quoted at HK\$155—154 per thousand, and remittances at 150—148.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 15.82—15.80, Australia 12.25, New Zealand 14.10—14.05, Egypt 15.20, South Africa 15.72—15.71, India 1.195—1.185, Pakistan 0.86, Ceylon 0.88, Burma 0.46—0.445, Malaya 1.835—1.833, Canada 5.89—5.8675, Brazil 0.07, Belgium 0.105, Cuba 4.50, Philippines 1.93—1.915, Switzerland 1.35, West Germany 1.35, Italy 0.009, France 0.0148—0.0147, Vietnam 0.0705—0.0675, Laos 0.075, Cambodia 0.071—0.0695, Indonesia 0.186—0.182, Sandakan 1.50, Thailand 0.264—0.262, Macau 0.99.

GOLD MARKET			
May	High .945	Low .945	Macau .99
21	H O L I D A Y		
22	255 1/4	254 3/4	266 High
23	255 1/4	254 3/4	
24	255 1/4	254 3/4	
25	255 1/4	255	Low 265 1/2
26	255 1/4	255 3/4	

The opening and closing prices were 255 and 255 1/4, and the highest and lowest 255 1/4 and 254 3/4. The market was quiet due to the lack of stimulation. Interest for change over favoured sellers and aggregated 50 HK cents per 10 taels of .945 fine. Trading amounted to 23,500 taels; speculative positions averaged 17,500 taels per day; deliveries totalled 18,410 taels (1,410 taels listed and 17,000 taels arranged). Imports from Macau amounted to 16,000 taels. One shipment of 36,000 fine ounces reached Macau. Exports totalled 15,500 taels (9,000 to Singapore, 5,500 to Indonesia, 1,000 to India). Differences paid for local and Macau .99 fine were HK\$12.40—12.20 and 11.70—11.50 respectively per tael of

.945 fine. Cross rates were US\$37.91—37.90; indent quotation remained at 37.91 c.i.f. Macau. US double eagle old and new coins quoted HK\$264 and 224 respectively per coin, and Mexican old coins 273 per coin.

Silver Market: The market continued dull. 500 taels of bar silver changed hands at HK\$6.25—6.15, 800 \$ coins at HK\$4.00—3.95 per coin, and 20-cent coins remained steady at HK\$3.08—3.05 per 5 coins.

HONGKONG SHARE MARKET

Lombard Insurance lost \$15.50 in one week after the company had announced a dividend of only \$2; in 1953 and 1954 they paid \$3. On the other hand, HK Docks gained \$2.50 and closed firm at 42s. Earning prospects for this share are bright especially when the company recently sold land in Hunghom which nets more than \$5 million; however, at 42, Docks have reached its highest price since 1952. The drop of rubber price in Singapore caused Amalgamateds to ease from last week's 1.20 to as low as 1.075 but later recovered to 1.15 under steady demand from investors who absorbed over 160,000 shares during the week.

Investment enquiry is slack—partly due to the summer season which witnesses a habitual decline in security business. Yields are found by and large as not attractive. The steady influx of new money from overseas Chinese, sometimes but not reliably estimated at HK\$30 million per month, has not materially affected sales as it appears that local securities unlike real estate in all its forms do not tempt the people who have remitted funds to this 'haven'. It has always been a tough job to induce Chinese financiers to enter the local stock market unless they considered long-term investment and were satisfied with the annual dividends and did look towards capital appreciation. For the majority of investors however it appears desirable to speculate rather on a rising market than to take one's dividend and wait for a bonus issue which might never come. The brokers are in their own interest canvassing a large prospective Chinese clientele and they are over a period successful in inducting to the market fresh and also overseas capital. Unfortunately the high brokerage of 1% both on purchase and sale acts as a deterrent to a widening of the market; there are some conservative investors who are satisfied with a 4 to 5% yield of so-called gilt-edgeds here, but they realise that a total commission of 2% would bring down their return to less than they could obtain from leading banks which pay now around 3% to 4% p.a. for fixed deposits while savings accounts carry an interest of 2% to 3 1/2% p.a.

Last week's closing rates for many popular shares were slightly lower than those of the previous week;

AGREED MERCHANT RATES

MAXIMUM SELLING		MAXIMUM BUYING		
Sterling	1/2 13/16	1/2 29/32	T.T.	} Indirect Sterling On Demand Bills on Europe 1/32nd. higher than London Rate.
		1/2 31/32	O.D.	
		1/3 1/32	30 days.	
		1/3 1/8	60 days.	
		1/3 3/16	90 days.	
Sterling (East & South Africa & Aden & South America)	1/2 13/16	1/3 1/32	O.D. if under L/Credit.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 3/32	O.D. without L/Credit.	
		1/16th.	up every 30 days.	
		1/3 7/32	O.D. if under L/Credit.	
		1/3 9/32	O.D. without L/Credit.	
Sterling (West Africa & West Indies)	1/2 13/16	1/3 7/32	O.D. if under L/Credit.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 9/32	O.D. without L/Credit.	
		1/16th.	up every 30 days.	
		1/3 7/32	O.D. if under L/Credit.	
		1/3 9/32	O.D. without L/Credit.	
Rupees—(India)	82 1/4	83	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		83 1/4	O.D.	
		83 11/16	7 & 30 days.	
		84	60 days.	
		84 3/8	90 days.	
Rupees—(Persian Gulf Ports)	82	1/8 higher	than the rate for Bills on Aden.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		82 13/16	T.T.	
		83 1/16	O.D.	
		83 1/2	7 & 30 days.	
		83 7/8	60 days.	
Rupees—(Ceylon)	82	84 1/4	90 days.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		83	T.T.	
		83 1/4	O.D.	
		83 11/16	7 & 30 days.	
		84	60 days.	
Kyat—(Rangoon)	82 1/4	83	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		83 1/4	O.D.	
		83 11/16	7 & 30 days.	
		84 1/16	60 days.	
		84 7/16	90 days.	
Rupees—(Pakistan)	82 1/8	83 1/16	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		83 5/16	O.D.	
		83 3/4	30 days.	
		84 1/16	60 days.	
		84 7/8	90 days.	
Malayan Dollars	52 13/16	53 5/16	T.T. & O.D.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		53 5/8	30 days.	
		53 7/8	60 days.	
		17 1/2	T.T. & O.D.	
		17 5/8	30 days.	
U.S. Dollars (Delivery within two calendar months, 1/16 down for each two calendar months thereafter)	17 1/4	17 11/16	60 days.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		17 3/4	90 days.	
		17 5/16	T.T. & O.D.	
		1/6 13/16	T.T.	
		1/6 15/16	O.D.	
Canadian Dollars	17 1/16	1/3 1/8	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 3/16	O.D.	
		1/6 13/16	T.T.	
		1/6 15/16	O.D.	
		1/3 1/8	T.T.	
Australian Pounds	1/6 7/16	1/3 3/16	O.D.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 1/8	T.T.	
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
		1/3 3/16	O.D.	
New Zealand Pounds	1/2 13/16	1/3 1/8	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
South African Pounds	1/2 25/32	1/3 1/8	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
Switzerland	75 7/16	1/3 1/8	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
Belgium	857	1/3 1/8	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
West Deutsche Marks	72	1/3 1/8	T.T.	} Bills on Aden if under L/Cr. 1/4 higher without L/Cr. 3/8 higher.
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	
		1/3 3/16	O.D.	
		1/3 1/8	T.T.	

Buying Rates for Sterling Telegraphic Transfers and Bills may not be quoted better than for delivery ready up to two months forward and thereafter at 1/32 of a penny higher for a further three months forward.

Shares	May 18	Highest	Last Week's Rates		Up or Down
			Lowest	Closing	
HK Bank	1660	1660	1655	1660	steady
Lombard Ins.	60.50 s	55 s	45	45	—\$15.50
Union Ins.	972.50 s	970 s	967.50 s	970 s	—\$2.50
Wheelock	8.70	8.75	8.65 b	8.70	steady
HK Wharf	31 s	80.50	80	80.50	—50¢
HK Dock	39.50	42 s	40	42 s	\$2.50
Provident	13.80	13.80	13.60	13.70	—10¢
Land	63	63	62.50	62.50	—50¢
Hotel	13.80	13.70	13.60	13.60	—20¢
Trams	22.70 s	22.70	22.50	22.50	—20¢
Star Ferry	137 n	137 s	135 b	137 s	steady
Yau-mat	107 s	107	106	107	steady
Light (o)	22.70	22.80 s	22.40	22.40	—30¢
Light (n)	19.80	19.80	19.80	19.80	steady
Electric	30.75	31	30.25	30.25	—50¢
Telephone	22.50	22.60	22.40	22.40	—10¢
Cement	34.75	34.75	34.50	34.50	—25¢
Dairy Farm	16.10	16.10	15.90	16	—10¢
Watson	10.80	11 s	10.60 b	10.80	steady
Yangtze	6.75	6.60	6.40 b	6.55 b	—20¢
Allied Investor	5.45 s	5.45 s	5.20 b	5.30	—15¢
Amal. Rubber	1.20	1.15	1.075	1.15	—5¢

Monday: Holiday. **Tuesday:** As a result of the appreciable reduction in dividend Lombard Insurances declined sharply to \$55 but found no buyers. H.K. Docks, on the other hand, advanced to \$40½. In the rubber section, only small business was reported; prices drifted lower in sympathy with the price of the commodity. The turnover amounted to approximately \$800,000. **Wednesday:** The market was listless with only a small volume of business transacted amounting to approximately \$362,000. Lombard Insurances lost another \$5 but still failed to attract any support. **Thursday:** Prices drifted fractionally lower with the exception of H.K. Docks which advanced further to 41. In spite of lower rubber advices from Singapore Amalgamated Rubbers hardened on active trading. The turnover for the day amounted to approximately \$700,000. **Friday:** Price movements were small; the volume of business amounted to approximately \$668,000.

The Secretaries for Yangtze Finance announced that at the close of business on May 24, 1956, the shares had a statistical value of \$8.29.

DIVIDEND

China Underwriters, Ltd. announced a dividend of 55 cents on each Ordinary Share. (The previous year's dividend was 50 cents, without deduction of tax).

SINGAPORE SHARE MARKET

(May 12-18)

Quiet conditions prevailed in Malayan markets and the total volume of business was much less than that for the previous week. After it was fully realised that the Merdeka talks in London had failed there was no apparent reaction either in prices or activity. There was selective buying of both Industrials and Tins whilst

idleness prevailed in the Rubber Section.

Fraser & Neave Ords. came back to \$1.65 before meeting considerable buying power and Malayan Breweries, which had been inactive around \$3.22½ jumped to \$3.50 on the announcement of the one for three bonus issue. Gammons were active from \$1.87½ to \$1.85 cum 20%. Robinsons had substantial exchanges at \$2.75 cum the bonus issue and Sime Darby were taken at \$1.70. The Henry Waugh results for 1955 showed a satisfactory improvement and the shares, which a short time ago touched a low of \$1.20, had business up to \$1.47½ cum the 10% dividend and 5% bonus. Straits Times were taken at \$2.52½. Straits Traders at \$23½ and \$24. Wearnes moved from \$2.75 to \$2.80. Hume Industries (Far East) Ltd. had exchanges at A.5/-, and McAlisters fell off to \$2.50.

Kuchais had buyers at \$1.70. Sungei Way had exchanges at \$3.30 and \$3.32 and Petaling from \$3.55 to \$3.50 with buyers over. Chief turnover in Tins was in Malayan registered sterling companies. Lower Perak were the most active from 18/4½ to 18/6 and back to 18/1½ cum the 2/- capital return. Kuala Kampar improved to 28/7½ and Larut had wide demand at 7/3. Siamese Tin were taken from London at 10/6 and London Tin Corp. had exchanges at 10/- cum 30%.

Turnover in the Rubber section was at a low ebb. Batu Lintang had business at \$1.45. Allenby were taken at 75 cents and Bukit Sembawang at 3/6.

Singapore Loans had increased dealings and there was further buying of British 3½ War Loan which at £72½ gives a flat yield of just over 4.8% tax free to non-residents.

From Australia were taken Northern Hercules from A.6/7 to A.7/2, Western Titanium at A.4/2½ and Northern Uranium Development from A.6/8 to A.6/10.

HONGKONG AND FAR EASTERN TRADE REPORTS

China Trade: Up to the end of last week, business concluded between China and Egypt under the trade agreement signed last August totalled £15. million: China exported £26 million worth of steel, tobacco, tea, raw silk, paper and other products and imported £8 m worth of Egyptian cotton etc. Mr. Marshall A. Johnson (of East-West Export Import Company, Vancouver) who is negotiating a trade agreement with China, said last week in Peking that Canada had prospects of 'hundreds of million dollars trade yearly' with China. Peking is interested in Canadian newsprint and paper-making machinery, electric goods and generating equipment, lumber and vehicles, tankers and cargo ships, chemicals and pumps for irrigation as well as construction machinery such as cranes. Mr. Johnson reported that China was prepared to pay for these imports in sterling and Swiss francs but so far no orders had been concluded. Most of China's requirements come within the UN trade embargo and the fulfilment of possible orders depends upon whether the embargo is relaxed. Mr. Johnson also stated that many American firms, some of whom had subsidiary companies in Canada, had shown interest in the possibility of trade with China. From UK, China ordered 32 automatic vial-filling, rubber-bunging and sealing machines worth £100,000. The machine is designed to pack huge quantities of 10 c.c. vials with pharmaceutical powders. Meanwhile, donations were collected in China for the purchase of tractors. The drive for funds even reached Pyongyang, capital of North Korea, where Chinese expeditionary forces already donated about £110,000. To Hongkong, China sent over 5,000 tons of oil seeds, beans and other staples as well as light industrial products including floor and car wax, canned beef and pork and other food-stuffs. Among these shipments, 1,000 tons of oil seeds and beans were for transshipments to Japan while large quantities of garlic, paper, chinaware, drawn lace work, fruit, eggs, live cattle and hogs and poultry were shipped to Bangkok. Commenting on the imports of live cattle from China, Director of Agriculture, Fisheries and Forestry in HK said last week that the 1,000 head of cattle shipped here recently from Inner Mongolia were in a poor condition on arrival after they had travelled 1,200 miles by rail; incidence of beef measles as well as tuberculosis was fairly high among the cattle.

Taiwan Trade: Live hogs from Taiwan are enjoying increasing popularity in the local market. Businessmen here and representatives from Taiwan are negotiating the exchange of soya beans for live hogs from Taiwan. Imports from Taiwan last week included 4,000 bags of sugar, 200 heads of live hogs,

and substantial quantities of fresh fruits such as banana and water melon. Over 600 tons of cargo left here for Keelung including the transshipment of 500 tons of smoke sheets. Taipei is winding up her trade with Egypt following the latter's recognition of Peking; 3,000 bales of Egyptian cotton out of 6,000 bales which Taiwan bought last year have not yet been delivered. Meanwhile Taiwan is negotiating a 1-year trade pact with Japan for the exchange of goods amounting to \$152 million which is \$36 m less than the previous pact. Japan will buy from Taiwan 200,000 tons of sugar (last year it was 300,000 tons) and substantial quantities of banana and pineapple. Japan will sell less seafood, farm products and chemical fertilisers but will export more machinery and metalware to Taiwan than the previous year.

Japan Trade: The trade agreement signed last year (expired May 3) between Peking representatives and Japan International Trade Promotion Association was extended. Tokyo finally approved the exchange of private trade representatives between Japan and China; Chinese trade representatives will be granted long-term residence permits. The development of Japan-China trade, however, is still restricted by the UN embargo; last year Japan imported from China more than her exports to China mainly due to the fact that most items required by China were strategic goods. Cargo movements between HK and Japan remained very active. Cement, cotton piece-goods, fibre yarns, paper, sewing machines, metals, sundries and sea food constituted the major portion of imports, while shipments to Japan consisted chiefly of maize, cotton waste, cassia oil, woodoil, rosin, hide, button blanks, silk waste, sesame, rattan, ramie, beans, iron and brass scraps, etc. Local dealers booked more rayon yarns, paper, metals, and textiles from Japan last week to meet the steady local and overseas demand for these items.

Korea Trade: Increased shipments to Korea of goods covered by previous orders and new enquiries from Seoul for more supplies kept Korean traders here busy. Paper, cement, yarns, cotton piece goods and metals constituted the major portion of over 4,300 tons of cargo left here for Pusan last week; about 4,000 tons more will be shipped before the end of this month. In addition to above items, Korea also enquired for staple fibre yarns, rayon and wool tops; only a limited number of new orders were concluded. Seoul also invited tenders for the supply of various chemicals and electric supplies.

Indonesia Trade: Indonesia's purchases in the local market slowed down mainly due to the decline in foreign exchange reserve in Djakarta. Many items such as torch batteries, matches, and low grade cotton vests were not bought direct from HK but imported through Singapore under the barter

trade between Indonesia and Singapore. Indonesia also curtailed imports of Japanese goods from here as a result of her increased direct trade with Japan. However, in view of the fact that Indonesia still owes Japan a trade balance of US\$60 million, shipments of Japanese goods from here to Djakarta will not dwindle too much in the near future.

Thailand Trade: Thailand is also buying direct from Japan. However, importers in Bangkok find that due to exchange differences, they can get some items of Japanese products cheaper from here than direct from Japan particularly in the cases of Japanese cotton yarns of 40's and up, textiles, and metals. Nevertheless, the development of direct trade between Thailand and Japan will eventually affect HK's exports to Thailand. Under the vigorous promotion of trade by Peking, Thailand will doubtless approach China direct for items such as garlic, paper, metals, etc.; Bangkok has already expressed that import of Chinese goods is not restricted. The future of HK's trade with Thailand therefore depends upon how much Thai rice HK buys and how competitive are HK manufactures. Meanwhile, cargo movements between HK and Thailand remained active; over 2,000 tons of garlic, enamelware, wheat flour, textiles, paper, metals, underwear, rubber footwear, fishing net, toys, sewing machines, vacuum flasks, blankets, yarns, sugar, towel, button, printing equipment, shirt, etc. were sent to Bangkok and in return, large quantities of Thai rice, beans, groundnut oil, feathers, starch, cattle and lumber were shipped here. Bangkok also rescinded import duty on textile machinery, plating equipment, cement manufacturing machinery, and equipment for the manufacture of earthenware and refractory blocks.

Singapore & Malaya: Drop in rubber price affected purchasing power in Singapore and Malayan markets. Labour trouble and uncertain political situation there further discouraged importers in Singapore and Penang from booking new supplies from here. During the week, about 1,000 tons of garlic, paint, bamboo leaf and other food products left here for Singapore and Penang. 500 tons of rubber were transhipped through here to Taiwan. Imports to HK included charcoal, firewood, rattan, feathers and rubber.

Vietnam, Laos, and Cambodia: Japan is not only trading with South Vietnam but also with North Vietnam. An agreement on exchange or goods was signed in Hanoi on May 12 between North Vietnam and a Japanese trade delegation which represented several big Japanese enterprises. Exports from here to Cambodia remained active consisting chiefly of structural steels, paper, textiles, and foodstuffs. Saigon, however, sent here more enquiries than orders last week; most of Vietnam's requirements were procured direct

from Japan. Shipments to Laos were chiefly made via Bangkok and consisted mostly of textiles, structural steels, fertilizer and machinery. Maize, oil seeds, beans and feathers constituted the major portion of HK's imports from these states.

The Philippines: Manila earmarked US\$3 million for imports from HK in addition to the regular barter trade. Authorities there also granted duty-free imports of trucks and spares. Some shipping companies were considering to increase freight rates for staples from Manila to HK as from August 1. This would further handicap sales of Philippine staples in the local market; dealers here already find the marketing of Philippine lumber, coconut oil and other staples unfruitful and depend on exports to the Philippines for profit.

Burma Trade: Under negotiation in India was a Burmese-Indian trade agreement covering the annual shipment of 400,000 tons of rice to India for the next three years. Exports from here to Burma remained heavy last week; commodity prices in Rangoon therefore declined from recent advance.

Exports to UK: One vessel left here for UK with over 2,000 tons of HK products consisting mainly of shirts, rubber footwear, gloves and grey cloth. UK Trade Commissioner warned exporters here that no matter how small the amount of silk or artificial silk included (either accidentally or otherwise) in any article shipped to UK that article would be rendered liable to duty.

Other Countries: India increased budget for the purchase of industrial supplies and equipment and cut imports of consumer goods. Pakistan sent here more yarns. Okinawa bought more sugar, wheat flour, leather shoes, sewing machines, galvanized iron pipe and structural steels. From Europe, local dealers imported more metals, paper, machinery, textiles, photo supplies, air conditioning units, children's garments, stationery, sewing machines and sundries. For exports to Belgian Congo, authorities there only accept certificates of origin issued either by the Department of Commerce & Industry or by the HK General Chamber of Commerce.

China Produce: More oil seeds and beans arrived from China, Thailand and Vietnam. However, of the supply reached here from China, 1,000 tons of oil and beans were transhipped to Japan. Prices of beans first advanced considerably in the local market but buying offers from Japan were low curtailing the volume of business. When more supplies arrived during the week, prices returned to previous levels but renewed demand from Japan and local food factories again stimulated the bean market towards weekend. Mustard seed was short in supply; one dealer effected a return shipment of this item from Europe to meet the cur-

rent demand in the local market. Groundnut oil first declined under heavy supply but later firmed on orders from Singapore and Taiwan as well as because of the possible cut in supply from Africa and India. Coconut oil failed to improve on advanced Singapore indents; demand here was limited. Menthol crystal registered only spasmodic trading but price was firm on advancing international market as well as on low stock. Spun silk enjoyed steady demand from Indonesia and Europe; silk waste was favoured by Japan and raw silk by Europe. Garlic retained keen demand from Ceylon, Singapore, Indonesia, Thailand and India; price was very firm. Trading in general was not as active as during the first half of this month.

Metals: Quotations from Europe and Japan for almost all popular items advanced during the week, stocks here dwindled while demand for structural steels from local contractors and buyers from Cambodia, Vietnam and Thailand remained strong. Trading, however, was restricted by low buying offers and in some cases by short stocks. Factory items retained steady local demand. Galvanized iron sheet of European origin was favoured by Korea; Japanese sheets were kept steady by demand from local factories but when new supplies arrived and demand eased, they declined slightly in spite of increased indent cost. Tinplate waste waste of US origin advanced so much that local dealers hesitated to book new orders. Tin plate attracted more enquiries than orders from local manufacturers who refused to pay higher price especially after new supply had arrived from Japan. Black plate and waste waste both advanced on increased cost and dwindled stock. Mild steel plate improved on higher offers from UK, zinc sheets firmed on orders from local torch battery factories and marked-up Japanese indents, while iron wire rod gained on advanced European indents and demand from Thailand and local factories. Iron scrap was so short and so popular that UK sent here a shipment at \$32 per picul; Japan raised buying offers for this item when local dealers insisted on \$400 per ton for 1st quality scraps. Dealers here were confident of a rising market on account of the world shortage of raw materials and increasing demand for structural steels and factory items in SE Asia.

Paper: Following heavy shipments of paper to Pusan during the past fortnight, more enquiries reached here for newsprint in reels and in reams, wood-free printing, kraft paper and trans-

parent cellulose paper. Buying offers, however, were low in most cases while indents advanced on short stock and limited supply. Demand from SE Asia was limited to small quantities of M.G. cap and newsprint in reams of Chinese origin. Local consumption provided the market with steady business in newsprint in reams, woodfree, art printing, M.G. ribbed kraft, bond, glassine, duplex board, straw board and M.G. cap. Newsprint in reels of US origin was difficult to procure; there were offers from Norway but quotations were too high to interest local dealers. Supply of newsprints from China also reduced and offers from Tientsin and Canton were marked up. Transparent cellulose paper failed to improve on orders from Korea and local buyers because stock here was still heavy. Straw board declined slightly as a result of keen competition between Japanese and Chinese products. Prices of other items were steady.

Pharmaceuticals: Taiwan, Korea and China provided limited and selective demand for a small number of popular items. More than 100 pharmaceutical manufacturers in Japan, France, Italy, Germany, UK, US and Canada are sending over 6,000 different kinds of fine chemicals and patent medicines to the local market while exports of these items remained slow. Most dealers here are relying on local retail business; firms which depend upon exports alone are finding it difficult to carry on their business. China has cut her purchases of pharmaceuticals from here to almost nil and is now sending here patent medicine to compete with local products.

Industrial Chemicals: There were more enquiries than orders from Korea, Taiwan and Vietnam. Shellac registered only limited purchases by Taiwan but price improved on marked-up Indian indents. Sulphur powder advanced on low stock and indent increase, ammonium bicarbonate firmed on orders from Taiwan and Korea while sodium cyanide, copper sulphate and soda ash remained firm on short stock.

Rice: Rice exporters in Bangkok are finding it difficult to get supplies from their farmers who have recently been holding back their crops and demanding higher prices. On the other hand Thai officials are now visiting Europe to sell this year's estimated surplus of 1.6 million tons of rice. In the local market rice of all origins and grades remained firm on steady local demand. Glutinous rice enjoyed increasing local demand with the approach of the Dragon Boat

Festival during which steamed glutinous rice in bamboo leaves will be eaten by the majority of Chinese here. The rice import quota for the third quarter is 60,000 tons.

Wheat Flour: The market was sluggish with limited exports to Vietnam, Cambodia and Okinawa. Local demand remained slow.

Sugar: About 4,000 bags of sugar arrived from Taiwan last week relieving the shortage here; price advance was curbed. Towards weekend, however, exports to Okinawa and strong local demand again stimulated the market. Taikoo sugar remained firm on perpetual local demand, Japanese products steady on short stock and high cost but Philippine brown and Chinese slab sugar eased under new arrivals. Taiwan plans to export 900,000 tons of sugar this year but last week dealers here did not receive any new offers from Taipei.

Cement: With the closing of gap between prices for Japanese and Chinese products, buyers turned to Japanese cement and as a result, 6,000 tons reached here from Japan last week partly for local consumption and partly for transshipments to SE Asia. In the local market, Japanese cement was steady at \$112 per ton while Chinese products which had been cheaper, got stuck at \$115 per ton; dealers wanted to pay less but Canton was not able to oblige.

Cotton Yarn: Trading in the local market slowed down as exports were discouraged by high prices. However, when Pakistan continued to send here more yarns, products of this origin eased in spite of the fact that new indents were advanced. Indian yarns were kept steady by limited local demand. HK yarns remained firm.

Piece Goods: HK drills enjoyed steady exports to Africa and Thailand but demand for this item from Indonesia slowed down considerably. Japanese grey cloth was stimulated by orders from Vietnam and increased cost. Trading in Chinese cotton piecegoods was sluggish. Chinese tussah silk pongee, however, registered heavy sales to West Europe and India.

Glass: Chinese window glass arrived here recently in large quantities. Demand from the Philippines, North Borneo and local contractors for this item was very strong.

Woollen Gloves: Knitting factories here are expecting more orders from UK, US and Europe for gloves this year than last. Current prices, however, are much lower than in 1955.